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PREFACE

QuickBooks Online Plus: A Complete Course 2019 is a comprehensive instructional learning resource. The text provides training using QuickBooks Online Plus accounting program (for simplicity, the program is referred to as *QuickBooks Online* in the text).

NEW TO THIS EDITION

As is stated throughout the text, QuickBooks Online is frequently changed, updated, and enhanced. Many of these changes are incorporated into the text, while others may or may not be mentioned or explored in much detail because the companies used are fictitious, the dates used are not current, or a variety of other reasons. The new features included in the text are:

- ★ New application and download procedures for the Educational Trial Version of QuickBooks Online
- ★ Use of a new Report Center
- ★ Update of potential change of renaming the Sales Center to Invoices on the Left Navigation bar
- ★ Implement changes to creating a company in QuickBooks Online
- ★ New procedures for customizing invoices, sales receipts, and estimates
- ★ Partial fulfillment of a Purchase Order
- ★ Use of EFT and ACH payments
- ★ Changes to use of Debit and Credit Cards
- ★ New Reconciliation screens and methods
- ★ Preparation of an Audit Log
- ★ New simplified Budget creation
- ★ New way to mark Inventory Items as taxable
- ★ Use of automatic sales tax
- ★ How to override automatic sales tax
- ★ New sales tax payment methods
- ★ Merging List entries
- ★ Add users with different access rights
- ★ New Payroll Center and methods for processing payroll
- ★ Privacy button

QUICKBOOKS COURSE

The text is designed for a one-term course in microcomputer accounting. It covers using QuickBooks Online Plus for a business that sells both services and inventory items/products. After creating a company, students record transactions, prepare reports, receive payments, order and pay for merchandise, provide sales discounts, collect and pay sales taxes, and more for a full business cycle. When using the text, students should be familiar with the accounting cycle and how it is related to a business. No prior knowledge of or experience with computers, Windows, or

QuickBooks Online Plus is required; however, an understanding of accounting is essential to successful completion of the coursework.

SOLVING TEACHING AND LEARNING CHALLENGES

This text's approach is learner-centric. Emphasis is placed on the use of QuickBooks Online Plus's innovative approach to recording accounting transactions based on a business form rather than the use of the traditional journal format. This approach, however, is correlated to traditional accounting by recording adjusting entries, completing end-of-period procedures, and using the "behind the scenes" Journal. QuickBooks Online is cloud-based and allows students to access QuickBooks Online Plus from any computer with a Web browser. The text uses a tutorial-style training method to guide the students in the use of QuickBooks Online in a step-by-step manner and is designed to help students transition from training to using QuickBooks Online Plus in an actual business.

The text provides:

- ★ Comprehensive exploration of QuickBooks Online Plus
- ★ Instructions for applying and activating a one-year Educational Trial Version of QuickBooks Online Plus
- ★ Reinforcement of accounting concepts
- ★ Opportunity to work in a cloud-based environment
- ★ Creation of a company for use in QuickBooks Online
- ★ Introduction to and a thorough exploration and use of many features of QuickBooks Online
- ★ Experience in recording transactions for services and inventory items/products
- ★ Exploration of error correction and resulting ramifications
- ★ Transactions ranging from simple to complex that simulate real-world occurrences
- ★ Business forms and reports are prepared, customized, and printed, emailed, and/or exported to Excel
- ★ Instructions are provided for inviting your accountant to work with your QuickBooks Online Company
- ★ Details regarding a subscription and use of QuickBooks Online Accountant are provided
- ★ Alternate method of creating a company by importing a QuickBooks Desktop company file is included
- ★ Appendices contain information regarding QuickBooks Online Mobile, Recurrent Transactions, Time Tracking, and Attachments, among others
- ★ Opportunity to customize forms, settings, and reports
- ★ Screenshots used liberally to show:
  - QuickBooks Online screens
  - Completed transactions
  - Reports
- ★ Extensive assignment material including:
  - **Drill** using Intuit's Test Drive Company
  - **Do** using the company created in Chapter 2
  - Additional transactions near the end of each chapter for reinforcement
  - End-of-chapter questions (true/false, multiple-choice, fill-in, and computer assignment)

Educational Trial Version

When using the text, students are eligible to sign up on **www.intuit.com/partners/education-program** for a one-year Educational Trial Version of QuickBooks Online Plus for no charge. As students work in the text, they practice entries and explore QuickBooks Online Plus using the Intuit Test Drive Company. After completing a drill, students then use the company they create in Chapter 2, Your Name's Beach Barkers, to enter transactions, prepare reports, and analyze data. At the end of each chapter, there are additional transactions that students complete without step-by-step instructions.

ORGANIZATIONAL FEATURES OVERVIEW

This title is designed to present accounting concepts and their relationship to *QuickBooks Online Plus* while providing extensive training on how to use the program. Within each chapter, accounting concepts and QuickBooks Online procedures are introduced and reinforced by completing a DRILL section for practice using a sample company. Then, students complete a DO section where they enter similar transactions in a company they create and use throughout the course. The transactions for both Drill and Do sections will be presented in a Memo box. The students will analyze the transactions just as they would in an accounting concepts course. After that, they are guided through the entry of the first transaction in a step-by-step manner. Screenshots of the corresponding areas used in QuickBooks Online are included. After a transaction entry is completed, a screenshot of the solution is shown. After the initial transaction, other transactions with more involved or complicated procedures will be shown. Finally, there will be transactions that will be completed without step-by-step instructions. At the end of each chapter, the student's company will be used to complete the Additional Transactions section of the chapter. Additional Transactions do not provide step-by-step instructions or show screenshots.

While completing each chapter, students will:

- ★ Learn underlying accounting concepts
- ★ Receive hands-on training using QuickBooks Online Plus
- ★ Analyze and record transactions for a business that sells both services and products

The following chart provides more information regarding the organization of the text:

AREA OF ORGANIZATION	ORGANIZATION FEATURES
Text	• Divided into Chapters covering ▪ Chapter 1—Introduction to QuickBooks Online Plus ▪ Chapter 2—Create a Company ▪ Chapter 3—Sales and Receivables: Service Items ▪ Chapter 4—Payables and Purchases: Service Items ▪ Chapter 5—General Accounting and End-of-Period Procedures ▪ Chapter 6—Sales and Receivables: Products/Inventory and Service Items, Sales Tax, and Discounts ▪ Chapter 7—Payables and Purchases: Inventory, Bills, Payments, and Discounts ▪ Chapter 8—General Accounting, Inventory Adjustments, Pay Sales Taxes, Budgets, and End-of-Period Procedures

	▪ Chapter 9—Payroll ▪ Appendix A—Create a Company Using QuickBooks Desktop ▪ Appendix B—Go Mobile ▪ Appendix C—Additional Features ▪ Appendix D—QuickBooks Online Accountant
Chapters	• The Intuit Test Drive Company is used to drill, practice, and explore transaction analysis and entry within each chapter • In Chapter 2 students use their subscription to QuickBooks Online Plus and create a company that will be used throughout the text to enter transactions. The company will be used through a full business cycle and will sell both services and inventory items • End-of-chapter materials reinforce concepts and applications learned in the chapter and include: ▪ Additional Transactions ▪ True/False questions ▪ Multiple-Choice questions ▪ Fill-in questions ▪ Computer assignment questions

DEVELOPING EMPLOYABILITY SKILLS

Many studies have been done that identify requirements for job skills in business. These include critical thinking, problem solving, oral and written communications, professionalism and work ethics, teamwork and collaboration, self-management/initiative and mindset, creative thinking, information/technology application, leadership, and social responsibility.

If you're not an accounting major, you may be thinking that this course or these job skills are not relevant to you. Let me assure you that they are. Whether or not you plan on a career in accounting or bookkeeping, the concepts, procedures, and job skills you learn and apply in this course will help you in business and/or in life. Moreover, it is only through the aggregate of your educational experience that you will have the opportunity to develop many of the skills that employers have identified as critical to success in the workplace. In this course and, specifically in this text, you will have the opportunity to develop job skills while training to use QuickBooks Online Plus to keep the financial records of companies. You will analyze business transactions, track and record daily transactions, manage sales and expenses, prepare and analyze financial reports, understand the process of using computerized accounting versus pencil and paper accounting and bookkeeping, and find and correct errors, among others. When using this text, students use the QuickBooks Online Plus program to facilitate learning important business practices, analysis, organization, and others. These skills are used in businesses large and small and are universal in scope.

RESOURCES

There are a lot of resources available for both student and instructor use. Pearson Education maintains a web site where student and instructor materials may be downloaded for course use at **www.Pearsonhighered.com/horne**. The web site contains the Student Download Page and Instructor Resources.

Student Download Page

The Student Download Page contains student materials that may be downloaded from the Pearson web site and used in conjunction with the textbook.

SUPPLEMENT	FEATURES OF THE SUPPLEMENT
Data Files	• Updates and Errata Data files ▪ Update files contain new program features and changes ▪ Errata contain corrections for text errors ▪ Update and Errata materials may be contained within the same document or may be separate • Excel Import files ▪ Used to import company data to create a company in Chapter 2 • Logos for Your Name's Beach Barkers and Shape Up ▪ Beach Barkers Logo is used in Chapter 6 ▪ Shape Up Logo is used in the Chapter 6 computer exam and in the Practice Set • Bonus Practice Set ▪ A PDF of the comprehensive Practice Set ▪ Excel Import Files used to create the company, Your Name's Shape Up, for the Practice Set

Instructor Resources

At the Instructor Resource Center, **www.Pearsonhighered.com/irc**, instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. This program comes with the following teaching resources:

SUPPLEMENT	FEATURES OF THE SUPPLEMENT
Data & Solution Files	• QuickBooks Desktop Company files for Chapters 1, 2, 3, 4, and 5 ▪ These files may be used within the first 60 days after program activation ▪ Used to create a QBO company with correct chapter data

Instructor's Resource Manual	• Instructor's Manual ▪ Assignment Sheets ▪ IM Preface for Instructors ▪ IM Table of Contents ▪ Teaching suggestions ▪ Classroom Procedures for Instructors ▪ Full-Term and Short-Term Assignment Sheet ▪ QBO Accountant Enrollment Procedures • Practice Set contains materials for the bonus comprehensive practice set ▪ Excel Import Files for practice set company creation ▪ QuickBooks Desktop Import File for practice set company creation ▪ Practice Set—Word and PDF documents ▪ Practice Set Suggestions and Information
Instructor's Solutions Manual	• Checklist answer key for each chapter • End of Chapter Questions answer key • Excel Reports ▪ All reports printed within each chapter are available as Excel files • Excel Reports for corrections ▪ Additional unassigned reports for each chapter containing information that may be helpful for corrections • Practice Set Solutions • Adobe (.pdf) files for all printouts prepared in text are available in three ways: ▪ Each PDF file as an independent document in folders for each chapter ▪ A single PDF document for each chapter in the text ▪ One document containing all the PDF printouts for the entire text
PowerPoint Presentations	• Slides include screenshots, graphs, and tables in the textbook. • Notes for each chapter • PowerPoints meet accessibility standards for students with disabilities. Features include, but are not limited to: ▪ Keyboard and screen reader access ▪ Alternative text for images ▪ High color contrast between background and foreground colors
Test Bank	• Written exams and keys for ▪ Every chapter in text ▪ Final exam • Computer exams and solutions ▪ Exam for each chapter ▪ Exam for practice set

Updates and Errata	• Updates and Errata ▪ Update files contain new QBO features and program changes ▪ Errata contain corrections for text errors ▪ Update and Errata may be contained within the same document or may be separate documents

QuickBooks Online Resources

Intuit provides many resources for program users. Information for assistance may be found in QuickBooks Online Help within the program or you may search for information and tutorials online. Other resources may be obtained by clicking one of the links in the table below.

To get help with QuickBooks Online, go to:
Tutorials: **https://quickbooks.intuit.com/tutorials/**
Help Community: **https://quickbooks.intuit.com/community/Help-articles/ct-p/help-articles-us?label=QuickBooks%20Online**
If you need additional assistance, you may email **Education@intuit.com**

Program Updates

QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of QuickBooks Online, changes that need further explanation will be addressed in Update Documents posted on the **www.Pearsonhighered.com/horne** web page.

To view Intuit information about changes to the QuickBooks Online program, visit the blog at: **https://quickbooks.intuit.com/blog/whats-new/**. To obtain more in-depth information about the program changes, click on the articles shown and you will be taken to documents that describe them in more detail.

In addition, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if a student's screen suddenly does not match the text, new features may have been added to QuickBooks Online. If the student's screen does not match the other students' screens, know that the student may have been selected to test new features. Whenever possible, program changes are incorporated into the text, but some changes will not be able to be included until the next edition.

To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

Errata, Updates, and Instructor Comments

While I strive to write an error-free textbook, it is inevitable that some errors will occur. As I become aware of any errors, they will be posted in the Instructor's Resource Center on the Pearson Web site at **www.Pearsonhighered.com/horne**. Once the errata document is posted, instructors should feel free to share that information with their students and to check back periodically to see if any new items or documents have been added. If you or your students discover an error, or have suggestions and/or concerns, I would appreciate it if you would contact me and let me know what they are. My email address for instructors is also shown in the Instructor's Resource Manual.

In addition, because of the frequent changes to QuickBooks Online Plus, update documents will be prepared and posted periodically to help you navigate through the changes in the program. Again, do not hesitate to contact me regarding changes to the program.

ACKNOWLEDGMENTS

I wish to thank my colleagues for testing and reviewing the manuscript, the professors who use the text and share their thoughts and suggestions with me, and students for providing me with a special insight into problems encountered in training. All your comments and suggestions are greatly appreciated. A special thank you goes to Cheryl Bartlett for her proofreading, accuracy check, comments, and assistance. In addition, I would like to thank Neeraj Bhalla, Sugandh Juneja, Shweta Jain, Kelly Murphy, and the production team at Pearson Education for their editorial support and assistance.

JANET HORNE

Janet Horne received her Master of Science in Business Administration and Bachelor of Science in Business Education from California State University, Long Beach and has spent her educational career teaching business and computer applications courses. Most of her teaching career has been at Los Angeles Pierce College. Where, in addition to being a full-time professor, she was the Computer Applications and Office Technologies Department Chairperson, served on many committees, and developed new courses and education programs. Janet has been a presenter at many educational meetings and seminars and has been involved with a variety of professional organizations.

Janet's quest to find a textbook to use in teaching QuickBooks led her to write one of the first texts for QuickBooks Desktop. As technologies change, it is important to work within the new technological environments. With over 2.55 million users of QuickBooks Online[1] as of October 31, 2018, Janet feels it is important to have students use cloud-based accounting software and has written *QuickBooks Online Plus: A Complete Course 2019* for that purpose. Other textbooks by Janet Horne include several editions of *QuickBooks Desktop: A Complete Course* (uses QuickBooks Desktop Accountant software), *QuickBooks Pro: Simplified*, *QuickBooks Pro: An Introduction*, *Peachtree Complete Accounting*, *Getting Started with QuickBooks Pro*, and *Computerized Accounting with CA-Simply Accounting*. Janet is also the author of *Runners Corporation* and *A-1 Photography* accounting practice sets.

[1] Article at https://intuitblog.com/investors/intuit-first-quarter-revenue-increased-14-percent/

1 INTRODUCTION TO QUICKBOOKS ONLINE PLUS

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

1.01. Explain the differences between manual and computerized accounting.
1.02. Have knowledge of the versions of QuickBooks that are available.
1.03. Understand the definition of Cloud-Based Computing.
1.04. Understand system requirements for QuickBooks Online Plus.
1.05. Know the operating systems and browsers used by QuickBooks Online Plus.
1.06. Realize that QuickBooks Online Plus continues to evolve and change.
1.07. Recognize the Drill and Do buttons as instructions to complete a task in training.
1.08. Be able to identify that the Drill button is used whenever working in the Test Drive Company.
1.09. Understand the importance of dates.
1.10. Create a Gmail Account for use in the course, if needed.
1.11. Apply for the Educational Version of QuickBooks Online Plus.
1.12 Activate the Educational Version of QuickBooks Online Plus and create the company Your Name's Beach Barkers.
1.13. Open QuickBooks Online Plus Test Drive Company.
1.14. Identify areas of the QuickBooks Online Plus Home Page.
1.15. Explore and practice QuickBooks Online Plus features using the Test Drive Company.
1.16. Know how to use the Top-Navigation bar. Including Create, Search, View Recent Transactions, Gear icon, and Use Help.
1.17. Know how to use the Left-Navigation bar to access centers. Including Dashboard, Banking, Sales (or Invoices), Expenses, Workers, Reports, Taxes, Accounting, and My Accounting.
1.18. Explore the subsections in each of the centers in QuickBooks Online Plus.
1.19. Use Keyboard Shortcuts.
1.20. Be able to exit QuickBooks Online Plus and the Test Drive Company.

MANUAL AND COMPUTERIZED ACCOUNTING

The work performed to keep the books for a business is the same whether you use manual or computerized accounting. Transactions need to be analyzed, recorded in a journal, and posted to a ledger. Business documents such as invoices, checks, bank deposits, and credit/debit memos need to be prepared and distributed. Reports to management and owners for information and decision-making purposes need to be prepared. Records for one business period need to be closed before recording transactions for the next business period.

In a manual system, each transaction that is analyzed must be entered by hand into the appropriate journal (the book of original entry where all transactions are recorded) and posted to the appropriate ledger (the book of final entry that contains records for all the accounts used in the business). A separate business document such as an invoice or a check must be prepared and

distributed. In order to prepare a report, the accountant or bookkeeper must go through the journal or ledger and look for the appropriate amounts to include in the report. Closing the books must be done item by item via closing entries that are recorded in the journal and posted to the appropriate ledger accounts. After the closing entries are recorded, the ledger accounts must be ruled and balance sheet accounts must be reopened with Brought Forward Balances being entered.

When using a computerized system and a program such as QuickBooks Online Plus, the transactions must still be analyzed and recorded. Rather than using journals for original entry, QuickBooks Online Plus operates from a business document point of view. As a transaction occurs, the necessary business document (an invoice or a check, for example) is prepared. Based on the information in the business document, QuickBooks Online Plus records the transaction in the account register and enters the necessary debits and credits in the Journal. If an error is made when entering a transaction, QuickBooks Online Plus allows the user to access the business document, account register, or journal to return to the business document and make the correction. Reports are prepared with a click of the mouse.

DEVELOPING SKILLS FOR YOUR CAREER

If you're not an accounting major, you may be thinking that this course and the job skills you will learn are not relevant to you. Please be assured that they are. Whether or not you plan on a career in accounting or bookkeeping, the concepts, procedures, and job skills you learn and apply in this course will help you in business and/or in your life. Moreover, it is only through the aggregate of your educational experience that you will have the opportunity to develop many of the skills that employers have identified as critical to success in the workplace. In this course, and specifically in this text you'll have the opportunity to develop job skills and practice using QuickBooks Online to keep the financial records of companies. You will analyze business transactions, prepare and analyze financial reports, understand the process of using computerized accounting versus pencil and paper accounting and bookkeeping, and find and correct errors, among others. Because learning about and using QuickBooks Online has so many job skills incorporated into the training, the text will not point out each individual skill.

IMPORTANT NOTE

QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of QuickBooks Online, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed web page. In addition, Intuit has a practice of introducing new program features in different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text new features may have been added to QuickBooks Online. If your screen does not match the other students' screens, know that you have been selected to test new features. When using QBO, you may also download and use Apps. Apps are programs that are designed to integrate and work with QuickBooks Online. Some Apps are free while others require a payment. As a result, Apps are not included in the text. Whenever possible, program changes are incorporated into the text but some changes will not be able to be included until the next edition.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

VERSIONS OF QUICKBOOKS

This text uses QuickBooks Online Plus. For training purposes, the program name will be shown as QuickBooks Online or QBO. Other versions of QuickBooks Online and QuickBooks Desktop software are available. It is important to know about them, so you can make an informed decision regarding your software purchase/subscription when you are finished with the class and your educational trial version expires. QuickBooks accounting software is divided into two categories: Online and Desktop. The following information describes the features available for each of the software programs and provides the retail prices at the time of this writing. All prices are subject to change and may not match the amounts shown in the text.

QuickBooks Online

Four versions of the software are offered for a monthly subscription rate. Each of the QuickBooks Online programs includes different levels of features. All of the programs use an online account, provide automatic data backup, and provide bank-level security and encryption.

Self-Employed is designed for small Schedule C businesses and allows access for one user (the owner) and for one accountant. The program is used to track income and expenses. It can separate business from personal spending, calculate estimated quarterly taxes, track mileage, and classify expenses by Schedule C categories. In addition, invoices can be sent from your smartphone, online payments can be enabled, and transactions from bank, credit card, PayPal, and Square accounts can be downloaded. Limited reporting is available. At the time of this writing the subscription rate is $10.00 per month. You may also bundle the program with TurboTax, which includes automatic calculation and online payment of quarterly estimated taxes, exporting Schedule C to TurboTax, and one federal and one state tax return filing for $17.00 per month.

Simple Start is a more comprehensive software package than Self-Employed. Full-user access is allowed for one person. Up to two accountants may be added as users for no additional charge. You may track income and expenses, securely import transactions from your bank, credit cards, PayPal, and Square accounts. capture and organize receipts, automatically sort transactions into tax categories, and link expense receipts to transactions. You may process unlimited invoices and estimates, charge sales tax, print checks, record transactions, import data from QuickBooks Desktop, import and export lists to/from Excel, access your data and/or snap photos of receipts from a smartphone or tablet. Data is automatically backed up in the Cloud and strong bank-level security measures are in place. The program includes the ability to integrate with available applications and QuickBooks Point of Sale. Several standard reports may be prepared and/or customized. At the time of this writing, the subscription rate is $20.00 per month. Payroll services may be added for an additional monthly fee.

Essentials Includes everything from Simple Start but adds the capability to have access for three users with permission controls (can setup users and limit access to certain areas of the company or you may allow full access to everything). Includes payables—vendors, bills, payments, and scheduled payments. Time tracking may be used to track billable hours by client or employee. Setup invoices to automatically bill on a recurring schedule, compare sales profitability with industry trends, and enable delayed charges and credits. Several standard reports may be prepared and/or customized. At the time of this writing, the subscription rate is $35.00 per month. Payroll services may be added for an additional monthly fee.

Plus (This is the program you will use for this course.) The program includes everything from Simple Start and Essentials but adds the capability to have access for five users with permission controls (may have up to 25 users total for additional fees). Maintain and track inventory using FIFO (First-in First-out), create and send purchase orders, prepare estimates, create budgets, use class tracking to categorize income and expenses, and track sales and profitability for each location. Projects may be setup and tracked to determine the income, expenses, and payments for each project. Non-billable time for each project may also be tracked. Employees and subcontractors may have limited access to enter time worked (time-tracking). Many reports may be prepared and/or customized. At the time of this writing, the subscription rate is $60.00 per month. Payroll services may be added for an additional monthly fee.

Advanced Includes all the features from Simple Start, Essentials, and Plus but adds the capability to have ten users, use Smart reporting powered by Fathom, import invoices, customize user permissions, use a dedicated customer success manager to connect you with needed resources, go to the front of the customer support line with Priority Care so that issues are resolved quickly, and complete five online classes to train your team. At the time of this writing, the subscription rate is $150.00 per month. Payroll services may be added for an additional monthly fee.

Additional Subscriptions for QuickBooks Online

QuickBooks Online has a large variety of extras available that may be added to the program. Some of the most important and widely-used subscriptions are for payroll and online payment processing. In addition, QuickBooks Online works with a wide variety of Apps, which are small programs that integrate and work with QuickBooks.

Payroll is an additional subscription that is used to pay W-2 employees and file payroll taxes. It may be added to any of the QuickBooks Online versions. At the time of this writing, Self Service Payroll or Full Service Payroll may be purchased as a standalone program or may be bundled with either QuickBooks Online Simple Start, Essentials, or Plus for an additional fee per month.

> **Self-Service Payroll** integrates with QuickBooks and has 24-hour direct deposit. You enter employees' hours and QuickBooks automatically calculates the taxes on every paycheck. It monitors and updates federal, state, and local taxes. Employees can view pay stubs and W-2's anytime using the employee portal. Provides payroll tax forms that you may complete and reminds you when payroll tax forms are due. At the time of this writing, the subscription rate is $39.00 per month plus $2.00 per employee per month. Or, you may purchase Self-Service Payroll with QuickBooks for $59 per month plus $2.00 per employee per month. QuickBooks Plus and Self-Service Payroll is $99 per month plus $2.00 per employee per month.
>
> **Full-Service Payroll** includes all the features of Self-Service Payroll. In addition, the program allows previous payroll data to be added to QuickBooks, completes and files payroll taxes, has a guarantee of no tax penalties, completes payroll setup, and includes end of year payroll forms. At the time of this writing, the subscription rate is $99.00 per month plus $2.00 per employee per month. Or, you may purchase Full Service Payroll with QuickBooks for $119 per month plus $2.00 per employee per month. QuickBooks Plus and Full Service Payroll is $150 per month plus $2.00 per employee per month.

Payment Processing is used to email invoices with a Pay Now link directly from QuickBooks Online and Desktop programs. With the Pay Now link, you can accept ACH bank transfers and all major credit cards. As soon as an invoice is paid, QuickBooks auto-deposits the payment and

updates your books automatically. At the time of this writing, there are several types of plans available. QuickBooks Online has Pay as you go or monthly subscription plans. With Pay as you go, you pay per transaction for $0.00 per month and transaction fees of Card eInvoice (customer makes an online payment for an invoice using a credit card) 2.9% + 25¢, Card Keyed 3.1% + 25¢, and ACH (bank transfers) Free. With the monthly subscription, you pay $16.00 per month and transaction rates of Card eInvoice 2.75% + 25¢, Card Keyed 2.9% + .25¢, and ACH (bank transfers) free.

QuickBooks Online Accountant

QuickBooks Online Accountant is a portal for accountants to use for central access to clients' QuickBooks Online companies. Accountants may work with clients using any of the QuickBooks Online programs. It has features for managing the accountant's practice and books, as well as special accountant-only tools that may be used inside clients' QuickBooks Online companies. There is a special navigation bar that provides access to Your Practice (Clients, Team, and ProAdvisor) and Your Books (the accounting firm's company file). When an accountant has been added as a user to a client's company, the accountant can access the company, make corrections, reclassify transactions, write off invoices, and prepare reports. As an accountant, you may offer your clients discounted QuickBooks Online subscriptions. At the time of this writing, a 180-day subscription is valid for accounting professionals only. After that time, an accountant will automatically maintain full access to QuickBooks Accountant Online for free if an active ProAdvisor membership or at least one current QuickBooks Online client is maintained.

QuickBooks Desktop

There are six desktop versions available. Essentially all of the programs include many of the same capabilities and are complete accounting programs that enable a company to create invoices, track sales and expenses, manage accounts payable, prepare sales and tax reports, automatically download bank transactions, calculate and rebill job costs, calculate discounts by customer/vendor, prepare purchase orders, manage and track inventory using the average cost method, track bounced checks, and many other capabilities. In addition, you may use Income Tracker and Bill Tracker to monitor the income and outflow of your money, Insights on the Homepage to get the full picture of your business performance, and Company Snapshots to get a real-time view of your business. Use automated reports, an improved Smart search, and view report filters. Accountant Collaboration Tools are available for use when working with your accountant.

Pro includes more than 100 reports and allows three users. At the time of this writing, the program may be purchased for a special price of $299.95 for a one-time payment.

Pro Plus contains all the features of QuickBooks Pro and adds unlimited customer support, automatic data back-up and recovery, and easy software updates and upgrades. At the time of this writing, a subscription is available for $299.95 per year.

Premier includes more than 150 industry specific reports and contains everything that is in Pro as well as industry-specific features. From Premier you may toggle to another edition of QuickBooks including Accountant, Contractor, Manufacturing & Wholesale, Nonprofit, Professional Services, Retail, and Pro. You may track costs for products and inventory and set product and service prices by customer type. You may have up to five users for no additional charge. At the time of this writing, you may purchase the program for a one-time payment of $499.95.

Premier Pro contains all the features offered in Premier. You may select an annual subscription and pay $499.95 per year. This annual subscription includes unlimited support, automatic data backup, and software updates and upgrades.

Enterprise contains all the features included in Premier but is designed for a larger business. You can track six times more customers, vendors, inventory items, and employees than with QuickBooks Premier. Enterprise Solutions accepts payments, tracts inventory, and runs many more reports than other versions of QuickBooks. Depending on the level of Enterprise you select, you may have from one to thirty users. The features included vary based on the level of Enterprise selected and may include Enhanced Payroll, which is used to file payroll taxes, pay employees, and prepare W-2s; Advanced Inventory, which allows you to reorder quickly; use pick, pack, and ship functionality; FIFO Costing; barcode scanning; bin location tracking; Advanced Pricing, which enables you to provide quantity discounts, manufacturer markdowns, promotional rates, and price changes by class; and Advanced Reporting, which allows you to access all your QuickBooks data to create any report needed, consolidate reports from multiple company files, and create custom reports. Online backup and data protection are included for all levels of Enterprise. Cloud hosting is available for a fee. At the time of this writing, there are three subscription levels available Silver, Gold, and Platinum. Pricing is based on the number of users (up to 30). The costs for one user are: Silver $1,100.00 per year. Bundled with Online Web Hosting the cost is $136.00 per month. Gold $1,430.00 per year. Bundled with Online Web Hosting the cost is $163.00 per month. (Gold level includes a more powerful functionality to pay and file taxes, pay employees, and streamline payroll with QuickBooks Enhanced Payroll); and Platinum $1,760.00 per year. Bundled with Online Web Hosting the cost is $191.00 per month. (Platinum includes everything in Gold along with valuable tools for manufacturers, wholesalers, contractors, retailers, advanced inventory, and advanced pricing).

Mac was developed for Mac users. The program enables you to use your Apple Mac computer and helps you maximize tax deductions; organize expenses; track business performance; and prepare one-click financial, sales, and tax reports. The cost is a one-time payment of $299.95.

Additional Subscriptions for QuickBooks Desktop

QuickBooks Desktop has a large variety of extras available that may be added to the program. Some of the most important and widely-used subscriptions are for payroll and payment processing. In addition, QuickBooks works with a wide variety of Apps, which are small programs that integrate and work with QuickBooks.

Basic Payroll integrates with QuickBooks, enter hours to process paychecks, pay by check or direct deposit, free expert support. At the time of this writing, the subscription rate is $30.00 per month plus $4.00 per employee per month.

Enhanced Payroll integrates with QuickBooks, includes everything in Basic Payroll plus pays and files taxes and W-2s electronically at the end of the year, includes payroll tax forms. At the time of this writing, the subscription rate is $45.00 per month plus $4.00 per employee per month.

Full-Service Payroll includes all the features of Enhanced Payroll. In addition, the program allows previous payroll data to be added to QuickBooks, completes and files payroll taxes, has a guarantee of no tax penalties, completes payroll setup, and includes end of year payroll forms. At the time of this writing, the subscription rate is $109.00 per month plus $4.00 per employee per month.

Payment Processing is used to email invoices with a Pay Now link directly from QuickBooks Online and Desktop programs. With the Pay Now link, you can accept ACH bank transfers and all major credit cards. As soon as an invoice is paid, QuickBooks auto-deposits the payment and updates your books automatically. At the time of this writing, QuickBooks Desktop has Pay as you go or Pay monthly plans available. With Pay as you go, you pay per transaction for $0.00 per month and transaction fees of Card Swiped 2.2% + 25¢, Card eInvoice 3.1% + 25¢, Card Keyed 3.1% + 25¢, and ACH (bank transfers) $1.00. With the monthly subscription, you pay $16.00 per month and transaction rates of Card Swiped 1.5% + 25¢, Card eInvoice 2.9% + 25¢, Card Keyed 2.9% + .25¢, and ACH (bank transfers) $1.00.

Point of Sale (POS) syncs with QuickBooks and transfers all POS information directly into QuickBooks. This includes sales receipts and employee time, acceptance and processing of credit card, debit card, PayPal, Apple Pay, and cash payments. In addition, use QuickBooks POS dashboard on any connected device to see real time sales, inventory, and customer data. The POS system uses a variety of input/output methods; including: Barcode Scanner, PIN Pad, printer, Microsoft Surface Pro, or manual entry of sales items. Use of Point of Sale requires enrollment and acceptance in a QuickBooks Payment Account and a Merchant Service Account. At the time of this writing, there are three POS plans available: Pay as you go $0.00 monthly, $0.00 per transaction, Swipe/Dip 2.7%, Keyed 3.5%, Swipe/Dip with PIN 1%; Monthly $19.95 per month, Swipe/Dip 2.3% plus 25¢, Keyed 3.2% + 25¢, Swipe/Dip with PIN 1% + 25¢; and Custom (no pricing available).

QuickBooks Desktop for Accountants

QuickBooks Accountant Desktop Plus contains everything that is in the Premier version of QuickBooks Desktop. The program includes free features and improvements updates, allows the use of a Working Trial Balance, enables access to all QuickBooks editions. The included Fixed Asset Manager allows tracking of the acquisition, depreciation, and disposal of fixed assets. There is an Accountant menu that provides access to the Accountant Center; Chart of Accounts; Fixed Asset Item List; Batch Enter; Delete and Void transactions; Client Data Review (allows the accountant to reclassify transactions, write-off multiple invoices, fix incorrect sales tax payments, troubleshoot inventory issues, identify list item changes, view changes to account balances, match unapplied vendor and customer payments/credits, and clear up the Undeposited Funds account). The accountant may void or delete transactions in bulk, track vendor-related bills, use the Accountant Toolbox, send portable company files, view Insights on the Home Page, view unbilled hours, send multiple reports by email, batch-enter checks, deposits, and/or credit card transactions, allow clients to access Journal entries, send files securely, provide more detail on deleted users, use improved report filters, search for transactions using a range of values, use multi-monitors, merge duplicate vendors, track clients track the status of open invoices, optimize the size of QuickBooks company files, transfer credits across different jobs, and view inactive items in inventory reports. At the time of this writing, the program is available for $349.00 per year and includes QuickBooks Accountant Desktop program; support, training and certification; and discounts on QuickBooks products. In addition, there is a ProAdvisor Premium Program available that contains everything in the Deluxe program and includes QuickBooks Desktop Enterprise Accountant, QuickBooks Mac Desktop, and QuickBooks Point of Sale Desktop software for $549.00 per year.

Payroll for Accountants

Online Payroll for Accountants integrates with QuickBooks Desktop, QuickBooks Mac, QuickBooks Online, Quicken, and Sage accounting programs. The program allows you to set you client's level of access based on their level of involvement in payroll. Payroll hours and any special pay items (vacation or overtime) are entered to create paychecks. Direct deposit is included free of charge. Email reminders are sent when it's time to pay taxes. Your clients pay monthly for the program. The pricing depends on how many clients you (the accountant) have. At the time of this writing, the monthly rates range from $11.00 to $45.00 per client plus a fee of $.75 to $4.00 per employee.

Enhanced Payroll for Accountants is used for after-the-fact payroll. This program enables the accountant to enter payroll data from your clients' paychecks, process federal and state tax forms, and generate reports to uncover business insights. At the time of this writing, the program is $615.00 per year or $61.50 monthly plus a fee of $1.75 per check or direct deposit.

Intuit Full Service Payroll does all the payroll and tax filings for your clients. As the accountant, you are not responsible to provide payroll services because everything is done by Intuit. Rather than have your clients purchase this payroll service from Intuit, you may sell this program directly to your clients. The rate you are charged is $109.00 per month plus $4 per employee.

WHAT IS QUICK BOOKS ONLINE PLUS?

The difference between a cloud-based accounting program and a desktop program is essentially where you access and use the program and where you store and access your data. Desktop accounting has the program and data stored on your computer's hard drive. Cloud-based accounting provides program access, use, and storage over the Internet.

Since QuickBooks Online Plus uses the Internet to provide access to and use of the program, no software is downloaded. When using QuickBooks Online Plus, data is recorded, saved, and stored in the Cloud. As a result, USB drives or storage media are not necessary. Cloud storage has data encryption that is extremely secure—think banks, financial institutions, brokerage firms, and TurboTax level security. Because QuickBooks Online Plus is web-based, it may be used in the office or on the go. QuickBooks Online Plus may be used by any device regardless of the operating system. This includes computers, phones, tablets, iPads, etc.

Essentially, QuickBooks Online Plus is a database of tables and fields that organize financial activity so users can utilize the data to communicate with vendors, customers, and others. When transactions have been recorded in QuickBooks Online Plus, you may create reports that show the results of operations, make financial and management decisions based on recorded information, and use information to complete additional forms and documents.

Remember, in the text QuickBooks Online Plus will be referred to as QuickBooks Online or QBO.

QUICKBOOKS ONLINE PLUS SYSTEM REQUIREMENTS

To use QuickBooks Online Plus, an Internet connection is required (high-speed connection recommended). Supported browsers include: Chrome 41 or later, Internet Explorer 10 or later, Firefox 36 or later, and Safari 6.2 or later. QuickBooks Online is also accessible via Chrome on

Android and Safari on iOS 7. The QuickBooks Online mobile app works with the iPhone, iPad, and Android phones and tablets (not all features are available on mobile devices).

OPERATING SYSTEMS AND BROWSERS

All computers use an operating system in conjunction with the software applications. As a cloud-based program, QuickBooks Online Plus may be used on any operating system and may be accessed via any Web browser; however, the preferred browser is Google Chrome. This is used throughout the text.

TRAINING IN QUICKBOOKS ONLINE PLUS

As with a subscription that is purchased, the Educational Trial Version of QuickBooks Online allows you to work with one company only. In addition to the trial version, there is a Test Drive Company that may be used for practice. Therefore, when working through the text, you will have two companies accessible for use during your training: QuickBooks Online Test Drive—Craig's Design & Landscaping Services—and an original company—Your Name's Beach Barkers—that you will create and use beginning in Chapter 2. The QuickBooks Online Test Drive Company will be used to explore the program and to enter transactions for practice. Anything entered into the Test Drive Company is not saved once you exit the Test Drive. Beginning in Chapter 2, once you have practiced the transaction and/or the types of entries in the Test Drive Company, you will access Your Name's Beach Barkers and record and save similar transactions.

DRILL BUTTON: When practicing using the Test Drive Company, transactions to be entered will be marked with the DRILL BUTTON.

DO BUTTON: When entering transactions in the company you create, the transactions will be marked with the DO BUTTON.

In Chapter 1, you will DRILL to explore QuickBooks Online using the Test Drive Company and you will DO to create a Gmail Email account and to request a one-year subscription to the Educational Version of QuickBooks Online Plus. In Chapter 2 you will DO to activate your subscription and to create a company—Your Name's Beach Barkers. Once the company is created in Chapter 2, you will DRILL to enter transactions for practice using the Test Drive Company; and then DO to enter transactions that are saved to your company. As you work through the chapters, you will see side headings specifying DRILL and DO. The headings will be followed by the appropriate button.

DATES

Dates used in training will be specified when you begin to record transactions. The text will show 2019 for the year. However, when working through the text, you should always use the date given and the current year. When using the Test Drive Company, you may find dates displayed that are different from those in the text. The Test Drive Company is programmed to automatically change the transaction dates. During training, it is extremely important to use the date range indicated in the book. If you use the current date, you may not get the same information in your reports as shown in the text.

IF NO SCHOOL EMAIL, CREATE QUICKBOOKS ONLINE EMAIL ACCOUNT—DO

Before you can create a company and use QuickBooks Online, you need to have an email account established that you will use to login to QuickBooks. The email will be your Intuit ID. If you use a different Web browser, go Incognito, use a different computer, or try to work with the mobile app, you will be required to authenticate your access by answering an email sent to your Intuit ID email address. You may use your school email or an email account created for use with this text.

For illustration purposes, an email account using Gmail will be created specifically for the QBO Educational Trial Version. If you have a school email, you may **skip** this section and use your school email instead. If you do not have a school email account, using the Gmail account will require that you submit documentation to verify your enrollment in a class using QuickBooks Online and can take three business days to get approval once you provide the appropriate documentation.

DO

Create a Gmail Account for QuickBooks Online (unless you have a school email account)

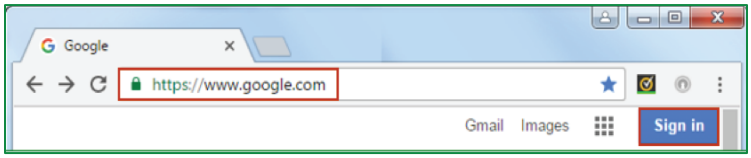
Open your Internet browser

- The screenshots and instructions are given for Google Chrome. Internet Explorer will be similar.

There are three ways to access your Web browser:

Click the **Start** button, scroll through the list of programs, and click **Google Chrome**
Click the **Chrome** icon on the Taskbar
Click the **Chrome** shortcut on the Desktop

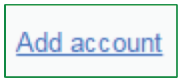
If Google does not show when Chrome is launched, enter **www.google.com** as the URL, press **Enter**



- The https:// is inserted automatically.
- The s added to http means that this is a secure site.

Click the **Sign in** button

- There are several ways to add a Gmail account. In addition, the steps and procedures to be followed are frequently changed by Google. If things are different from what is shown, follow the prompts given on your computer screen, or ask your instructor for assistance.
- If you see **Add Account**, click it.



Click **Create Account**

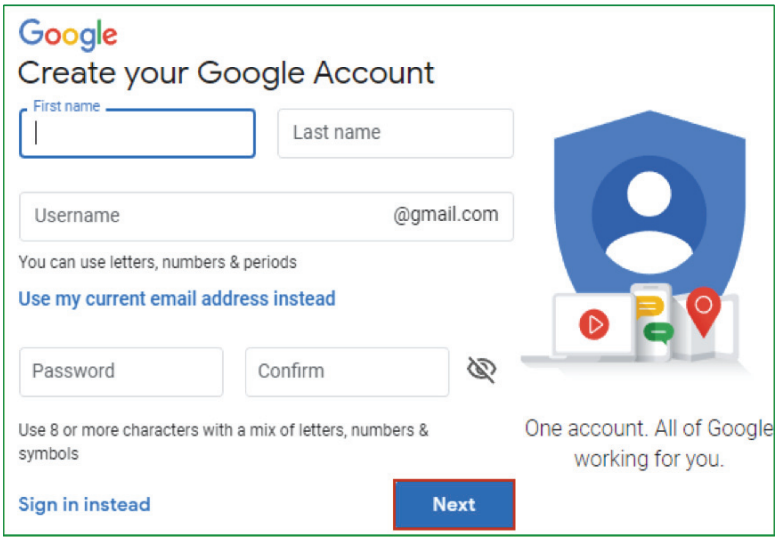
1

Enter the information required:

Type your actual First Name in the First name text box
Type your actual Last Name in the Last name text box

For Username, enter your new email address: **YourNameTestQBO**

- Use your real first and last name. For example, Joe Smith's username would be: JoeSmithTestQBO.
- When using the Educational Trial Version of QuickBooks Online, Intuit would appreciate it if the word "Test" is part of the email address. That will help delineate the Educational Trial Version.



- @gmail.com is automatically entered.

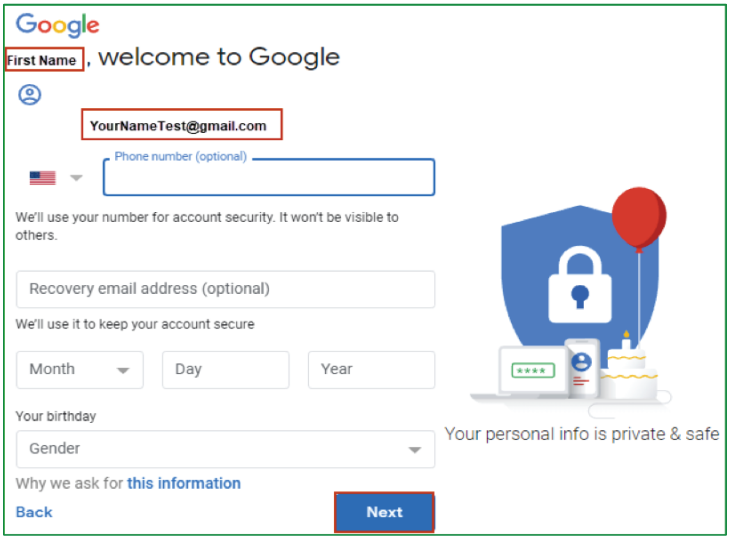
Enter the password that you will use to login to Intuit in the Password text box

- The password should contain at least eight mixed-case letters, a number, and a symbol to be a strong password. An eight-character password with numbers, symbols, and mixed-case letters has 30,000 times as many possible combinations as an eight-character password using lower case letters.

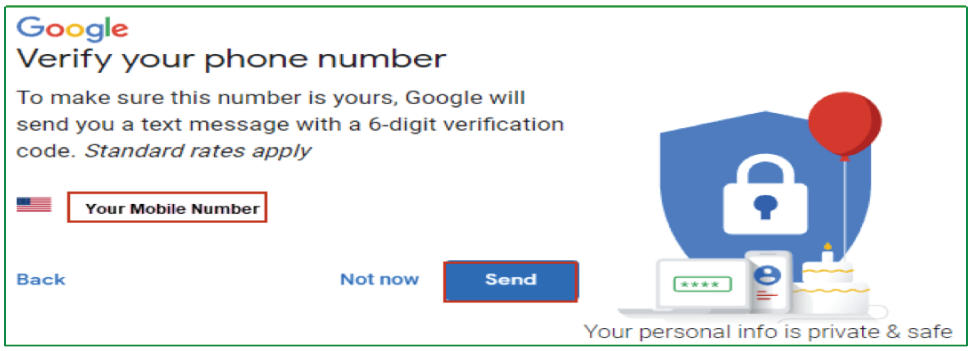
Re-enter your password in the Confirm text box
Click **Next**

- Notice that Google inserts your first name and your new email address on this screen.

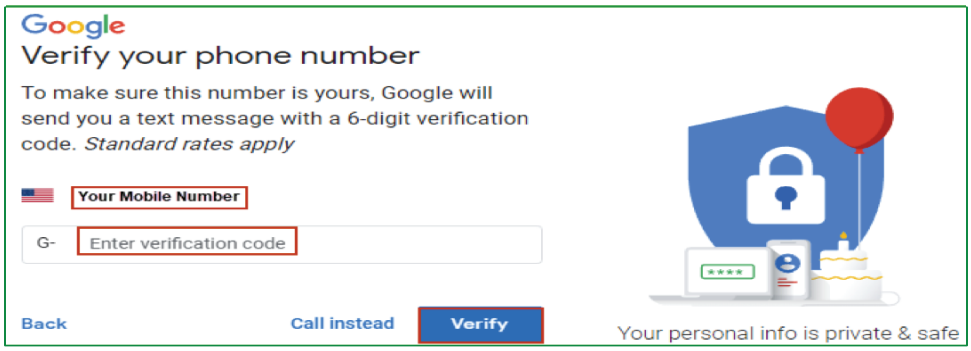
Enter your Mobile phone number
Enter a Recovery email address
To enter your Birthday, click the drop-down list arrow for Month
Click on the Month of your birthday
Enter the Day and Year of your birth
Click the drop-down list arrow for Gender
Click **Male**, **Female**, **Rather not say**, or **Custom**
Click the **Next** button
Verify your phone number, then click **Send**



- This is done to check your mobile phone in case you ever need to recover this account.


Google
Verify your phone number
To make sure this number is yours, Google will send you a text message with a 6-digit verification code. Standard rates apply
Your Mobile Number
Back
Not now
Send
Your personal info is private & safe

Open the text message that was sent to your mobile phone
On the Verify your phone number screen, enter the verification code in the text message
Click **Verify**


Google
Verify your phone number
To make sure this number is yours, Google will send you a text message with a 6-digit verification code. Standard rates apply
Your Mobile Number
G-
Enter verification code
Back
Call instead
Verify
Your personal info is private & safe

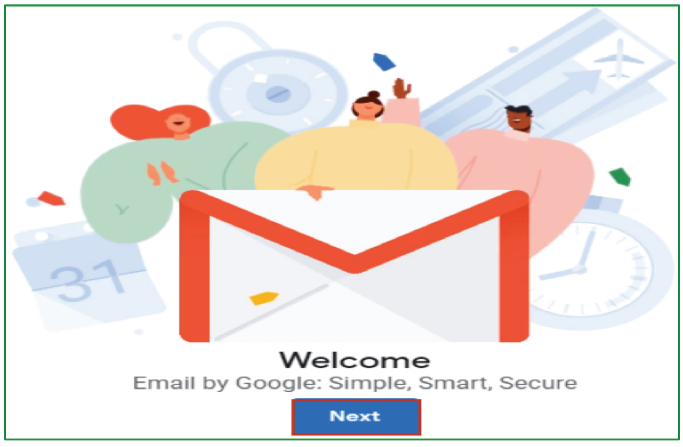
On the screen Get more from your number, either click **Yes, I'm in** and enter any information or click **Skip**

- In the text, **Skip** was clicked.

Scroll through the Privacy and Terms screen

- To read the Terms and Policy, click **Terms of Service** and **Privacy Policy**.

At the bottom of the screen, click the **I AGREE** button I AGREE
If your Gmail account does not open automatically, click **Gmail** on the Chrome screen
Click **Next** on the Welcome screen



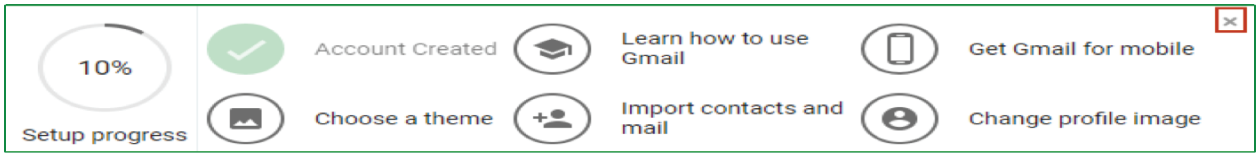
For Choose a view, click one of the views: **Default**, **Comfortable**, or **Compact**

- Default shows the most information.

- Comfortable shows less information but is nicely spaced.
- Compact is a condensed display and shows more email messages.

Click **OK**

- You will be taken to your Gmail account.
- You should see an email from Gmail welcoming you to your account.
- You may also select a theme, to import contacts and mail, learn how to use Gmail, get Gmail for mobile, and change profile image. Make whatever changes you like, then click the Close button.



To exit Gmail, click the **Close** button on the Gmail tab

- If you do not have any other tabs open in Google Chrome, this will also close Chrome.

QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—READ

The Educational Trial Version for QuickBooks Online Plus is provided as part of your textbook and course materials. You will apply for and activate your Educational Trial Version directly from Intuit. Instructions for this method begin in the following section and are completed in Chapter 2.

APPLY FOR QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—DO

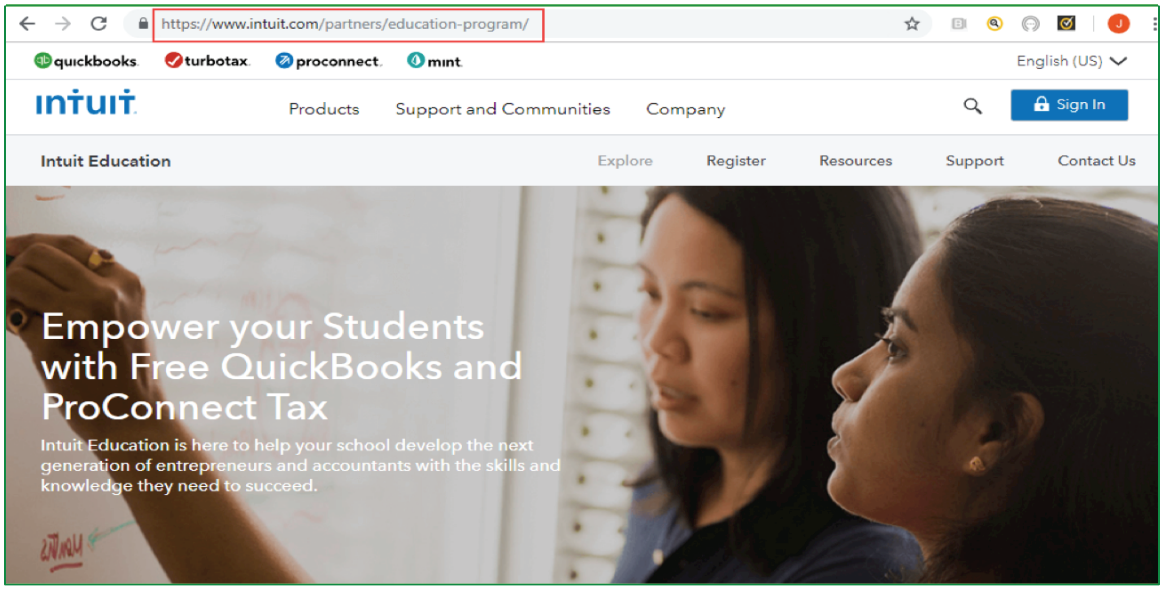
Once you have an email account that you will use as your Intuit ID, you will need to set up your QuickBooks account and activate your QuickBooks Online Plus Educational Trial Version. Since it may take up to three business days for Intuit to grant you access to the Educational Trial Version of QuickBooks Online Plus, you will apply to the program in Chapter 1 and finish the program activation in Chapter 2.

DO

Apply for QuickBooks Online Plus Educational Trial Version

Enter **www.intuit.com/partners/education-program** in the URL of your Web browser
Press **Enter**

- Remember, QuickBooks Online frequently changes the way enrollment in the Educational Trial Version is completed. If your screens do not match the ones shown in the text, simply follow the prompts given on your screen to complete your enrollment.
- After pressing Enter, you will see a screen describing the Intuit Education Program. It will be similar the one shown in the following screenshot.



Scroll through the screen and read about How it works, Features & Benefits, and about the software offered in the Intuit Education Program
When you get to the section **Choose your Intuit software**, click **QuickBooks**
Click the **Students** button

Choose your Intuit software
QuickBooks
ProConnect Tax Online
QuickBooks Online
Prepare students to join the more than 2 million small businesses using QuickBooks, or start their own by learning QuickBooks for free.
Register for free
Educators
Students

Provide the information requested to complete the Program Registration for Students form

Personal information

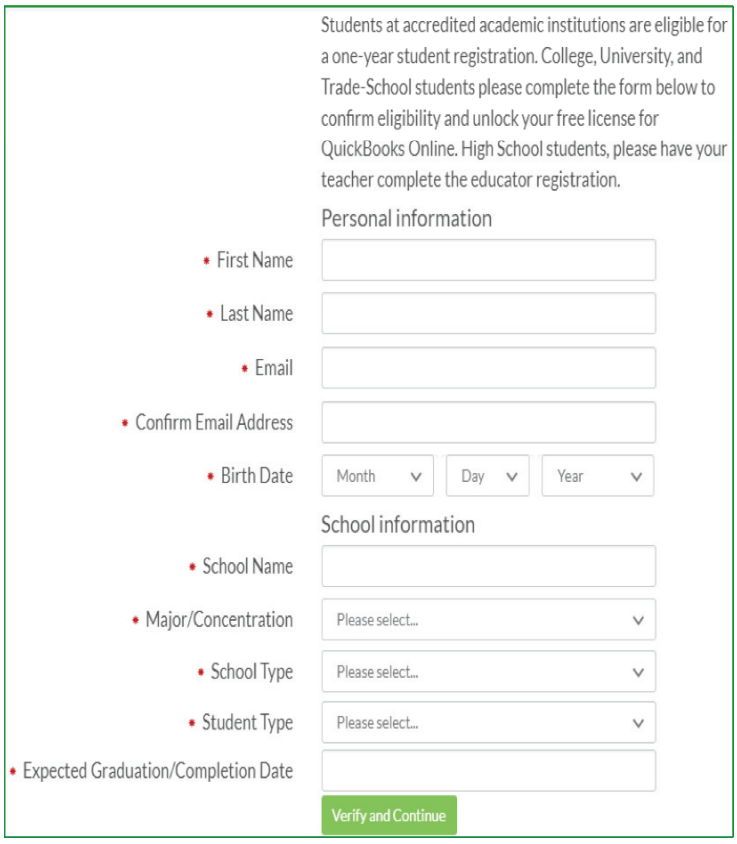
Enter your actual **First Name**
Enter your actual **Last Name**
Enter your **Email Address**

- Use the Gmail address you created or use a school email address if you have one.

Confirm your **Email Address**
To complete your **Birth Date** information, click the drop-down list arrows and select the Month Day and Year for your birthday

School information

Enter the **School Name**
Click the drop-down list arrow and select your **Major/Concentration**
Click the drop-down list arrow and select your **School Type**
Click the drop-down list arrow and select your **Student Type**
Enter your **Expected Graduation/ Completion Date**


Students at accredited academic institutions are eligible for a one-year student registration. College, University, and Trade-School students please complete the form below to confirm eligibility and unlock your free license for QuickBooks Online. High School students, please have your teacher complete the educator registration.
Personal information
First Name
Last Name
Email
Confirm Email Address
Birth Date
Month
Day
Year
School information
School Name
Major/Concentration
Please select...
School Type
Please select...
Student Type
Please select...
Expected Graduation/Completion Date
Verify and Continue

Click the **Verify and Continue** button

- If the verification is successful, you will see a confirmation screen.
- If you need to submit additional information, you will be instructed on how to submit the materials requested.

Check your Email account

- If you receive an email regarding your submission. It will contain a Request number that you may use if you do not receive an access code within three days.
- You will also receive a confirmation email that contains a link to download the software and your License number and Product number.

Write down your License number and Product number

- They are required when you install the program.
- The steps for downloading, installing, and registering the software are provided as you work through the chapter. Do not install or register without following the step-by-step instructions provided.

ACTIVATE QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—READ

You should complete the following section all at once. Do not begin the section for Activate QuickBooks Online Plus Educational Trial Version unless you have enough time to complete it.

ACTIVATE QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—DO

Normally, you will receive an instant verification of your student application to use the Educational Trial Version of QuickBooks Online. However, it can take up to three business days for Intuit to grant you access to the Educational Trial Version of QuickBooks Online Plus, you have applied for

the program and once you receive your approval, you will finish the program activation. If you did not receive your approval instantly, immediately return to this section and complete your program activation as soon as you receive your approval.

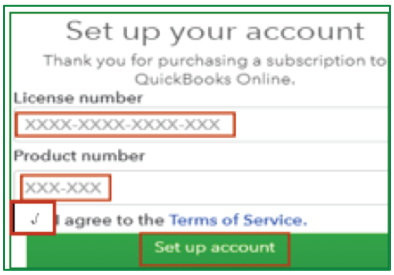
Once you receive an email verifying your subscription to the Educational Trial Version, you will be able to activate your account. In the email you received, you will have a Download Link, License number, and Product number that you will use to activate your QuickBooks Online Plus Educational Trial Version. Once the program is activated you can use the software for one year. You may import company data to create a company for the first 60 days after activation. When the trial period is over, you will be able to see your data for a period of time; but will not be able to access it unless you pay for a monthly subscription to QuickBooks Online Plus.

DO

Activate QuickBooks Online Plus Educational Trial Version

Once your application has been accepted, you will get an instant verification that contains the information you need to activate your Educational Trial Version:

- If you need assistance with QuickBooks Online, you may click the Student Support Page to view the FAQs (Frequently Asked Questions). To get help with and online support go to one of the following links:
  Tutorials: **https://quickbooks.intuit.com/tutorials**
  Help Community: **https://quickbooks.intuit.com/community/Help-articles/ct-p/help-aritcles-us?label=QuickBooks%20Online**
- If that does not provide the solution you need, you may email **education@intuit.com** for support.



Click the **Download Link** shown in your approval email
Enter the **License number** provided in the email
Enter the **Product number** provided in the email
Click **I agree to the Terms of Service.**
Click **Set Up Account**
Complete the Sign Up for QuickBooks form:
Enter the **Email Address** you are using for your course

1

- Use your school email address. If you do not have a school email, use the Gmail account you created earlier in the chapter.

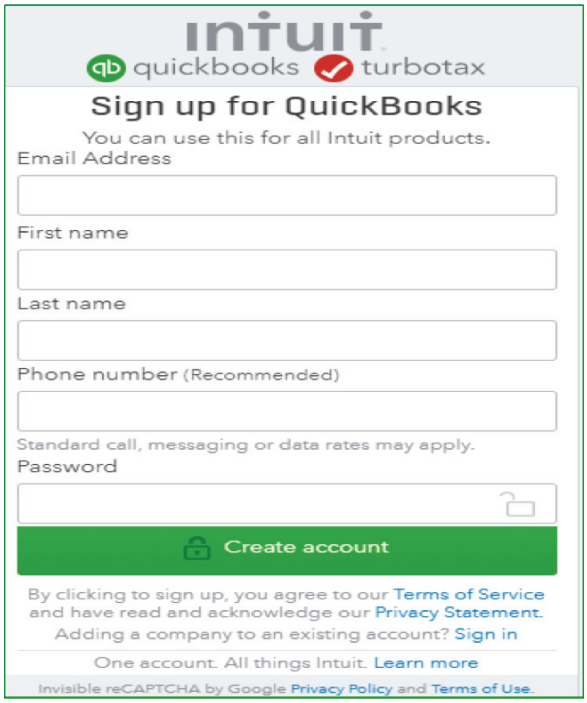
Enter your actual **First name**
Enter your actual **Last name**
Enter your **Phone number** (Recommended)

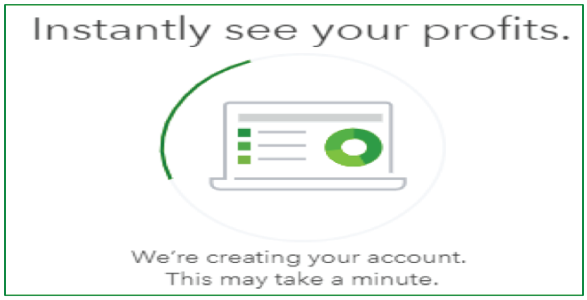
- If you provide your mobile phone number, Intuit will contact you via your phone if you change devices, change your browser, have issues with logging in to your account, or any other access problems. If not, Intuit will email you.

Enter the **Password** you will use to access your account

- You will see the requirements for a strong password. As you meet a requirement, it will be shown in green.

Enter the **Password** again in Confirm Password (not shown)
Click **Create Account**
The Creating your QuickBooks account screen is shown:

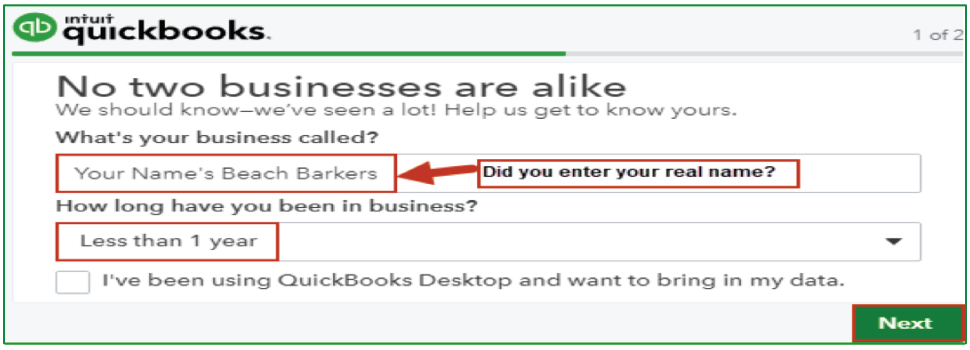

intuit
quickbooks turbotax
Sign up for QuickBooks
You can use this for all Intuit products.
Email Address
First name
Last name
Phone number (Recommended)
Standard call, messaging or data rates may apply.
Password
Create account
By clicking to sign up, you agree to our Terms of Service and have read and acknowledge our Privacy Statement.
Adding a company to an existing account? Sign in
One account. All things Intuit. Learn more
Invisible reCAPTCHA by Google Privacy Policy and Terms of Use.



Next you will complete information on two screens to perform the following steps:
Key in the company name **Your Name's Beach Barkers**

- **Use your real name**. For example, the author's business name would be: Janet Horne's Beach Barkers.

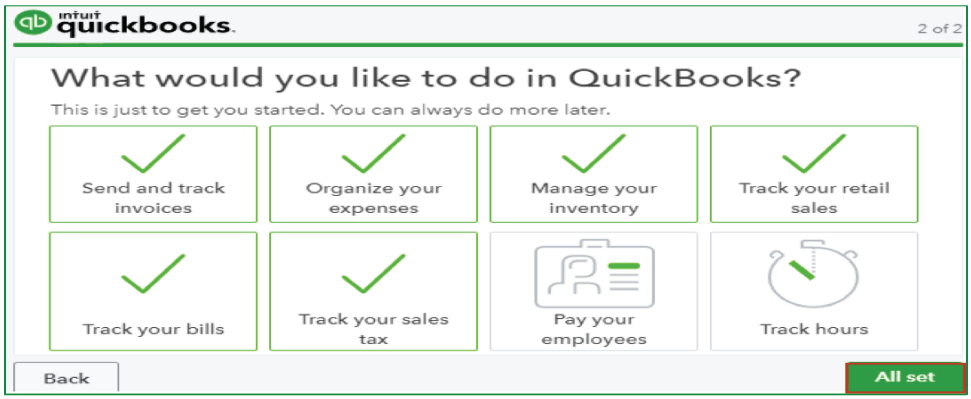
Click the drop-down list arrow for How long have you been in business?, click **Less than 1 year** to select


intuit quickbooks
1 of 2
No two businesses are alike
We should know–we've seen a lot! Help us get to know yours.
What's your business called?
Your Name's Beach Barkers
Did you enter your real name?
How long have you been in business?
Less than 1 year
I've been using QuickBooks Desktop and want to bring in my data.
Next

Click **Next**
Complete the What would you like to do in QuickBooks? screen

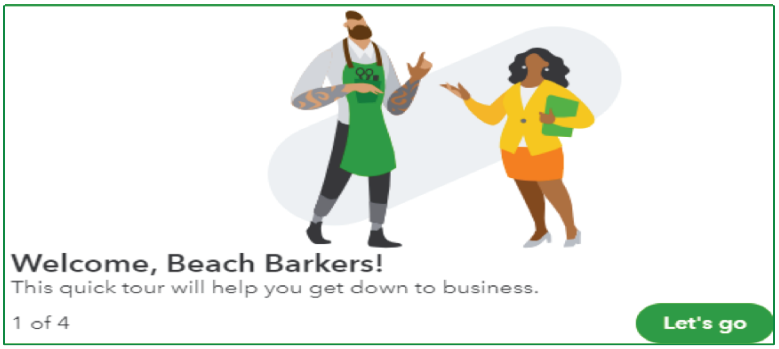
- QuickBooks preselected **Send and Track invoices**.

Click **Organize your expenses**, **Manage your inventory**, **Track your Retail sales**, **Track your bills**, and **Track your sales tax** to select



Click the **All set** button
You will be taken to the Home Page and complete a quick tour of the program

- If, for some reason, you do not get the four screens for the tour, simply read the following:



Read the screen, then, click the **Let's go** button
View the Create screen and read the information given for Create, click **Next**
Read the information given for Get help, click **Next**
Read the information given for Get set up, click **Start**
Click the **Gear** icon, click **Sign out**, click the **Close** button at the top of the QuickBooks tab in your browser

ACCESS QUICKBOOKS ONLINE TEST DRIVE—DRILL

Now that you have created your course email (or are using a student email account) and have applied and activated your Educational Trial Version of QuickBooks Online, it is time to use the Test Drive Company to explore QuickBooks Online Plus. If you are still waiting for approval of your application for the Educational Trial Version of QuickBooks Online, continue working in Chapter 1. Once you receive your approval, immediately complete the steps to activate your account by completing the information contained in the previous section.

1

Since QuickBooks Online is a cloud-based program, you will need to open your Internet browser in order to access the program, the Test Drive Company—Craig's Design & Landscaping Services—and the company that you create in Chapter 2. As mentioned earlier, QuickBooks Online supports a variety of browsers including Google Chrome, Internet Explorer, Firefox, and Safari. Any supported browser may be used; however, Chrome is preferred.

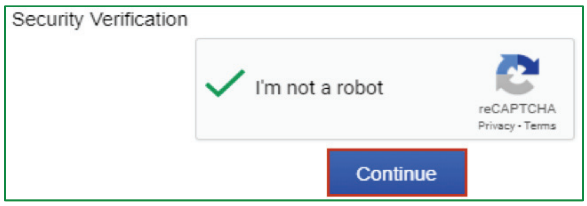
DRILL

Open QuickBooks Online Test Drive Company

Open your Internet browser
Enter **https://qbo.intuit.com/redir/testdrive** in the URL and press **Enter**

When opening the Test Drive, you must prove that you are not a robot; do one of the following: Click the checkbox for I am not a robot, and either select the pictures shown, click **Verify**, click **Continue**; or enter the numbers/words shown, click **Continue**

- If you make a mistake, wait too long, or cannot read the information, you will be given another set of pictures, numbers, or words and may try again.
- Each time you access Test Drive, the Security Verification screen will show a different set of pictures, numbers, or words. Occasionally, you may have to enter more than one Security Verification code in order to access the Test Drive Company.

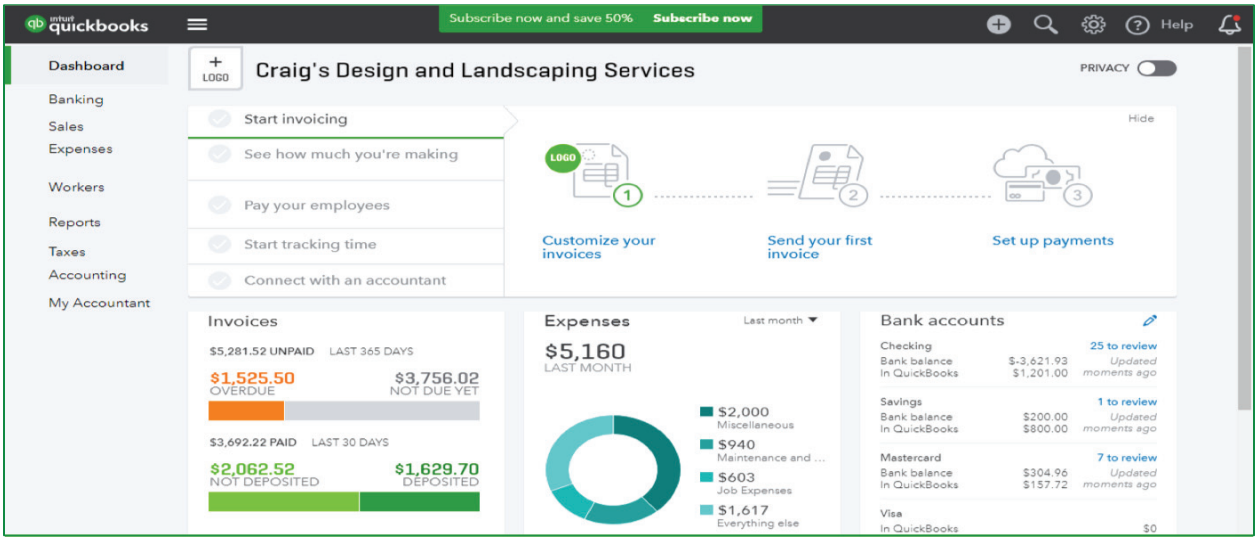


You will see the Home page for Craig's Design and Landscaping Services
If you get a Welcome, Craig's Design and Landscaping Services! Screen, click **Let's go**

Review the four screens shown, then click the **Start** button

- If you do not get a Welcome screen, simply continue with the training.

- Remember, because of the date configuration in the Test Drive Company, your amounts and dates in the Test Drive may not always match those in the text. This is not a problem. Simply continue with the training.



Partial Screen

INTRODUCTION TO THE HOME PAGE

QuickBooks Online Home Page is the key to working with company information, data, and lists; recording transactions; and preparing reports. The Home Page is divided into three primary sections—Top-Navigation bar, Dashboard, and Left-Navigation bar. These are discussed briefly below and then explored more fully within the chapter.

Top-Navigation Bar

This bar contains several icons that are listed and described below. In the text, this will be referred to as the Top-Navigation bar.

The four icons at the top-right of the Home Page are used to perform functions, access company information, or access help. Click the icon to:

Create Transactions

Search Transactions (also shows a list of Recent Transactions)

Gear icon to access **Settings**, which include Company Information, Lists, Tools, and Profile

Help in order to ask for information about or to learn how to perform a task

Dashboard

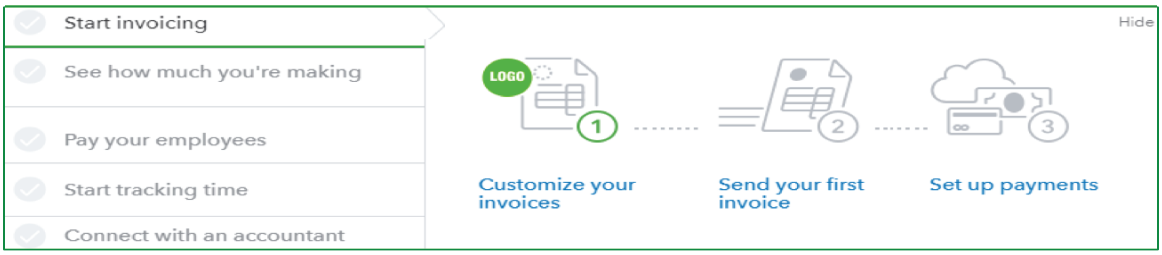
This section of the Home Page shows company data including: the company name, a setup guide, and company information. A brief explanation follows:

Company Name is shown below the Top-Navigation bar

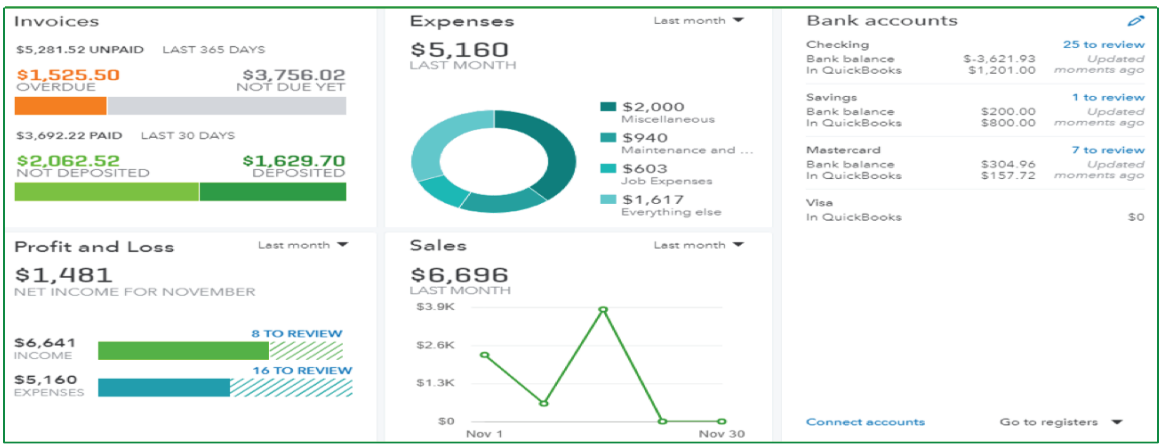
1

Craig's Design and Landscaping Services

Setup Guide may be displayed or hidden. When displayed, it will show five sections: Start invoicing, See how much you're making, Pay your employees, Start tracking time, Connect with an accountant.



Company information includes information about the company. Each area allows you to get more information including detailed reports or transaction information. Data shown includes Invoices, Profit and Loss, Expenses, Sales, and Bank Accounts.



Left-Navigation Bar

The Left-Navigation bar organizes information based on the business activity. It allows you to go directly to different categories of information, access lists, and to initiate new transactions. This bar is on the left-side of the screen. There are ten sections that are used to access the Dashboard, and Centers. Many of the Centers contain subsections that display additional information, lists, and allow transactions to be recorded without clicking the Create or Gear icons. Note: At the time of this writing, Intuit was testing a new Left-Navigation Bar. Sales may be renamed to Invoices. The centers are: Dashboard, Banking, Sales (or Invoices), Expenses, Workers, Reports, Taxes, Accounting, My Accountant, and Apps (not shown in the Test Drive Company).

EXPLORE THE TOP-NAVIGATION BAR—DRILL

To gain an understanding of the Top-Navigation bar, it is important to test the features and tasks available.

DRILL

Explore each of the following capabilities on the Top-Navigation bar:

Create

Explore the Create screen

Click the Create icon to enter transactions

- The icon may also be referred to as the Plus icon.
- Note: When you click the Create icon, it changes to .
- Transactions are divided into sections for Customers, Vendors, Employees, and Other.

Click **Invoice** in the Customers section of the Create screen

- A blank invoice will appear on the screen.

Since transaction entry will be explored more fully in upcoming chapters, click the **Close** button at the top-right side of the invoice

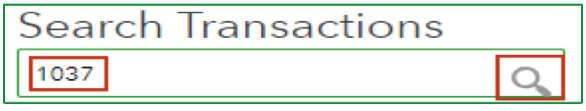
Search

Use Search to find an invoice

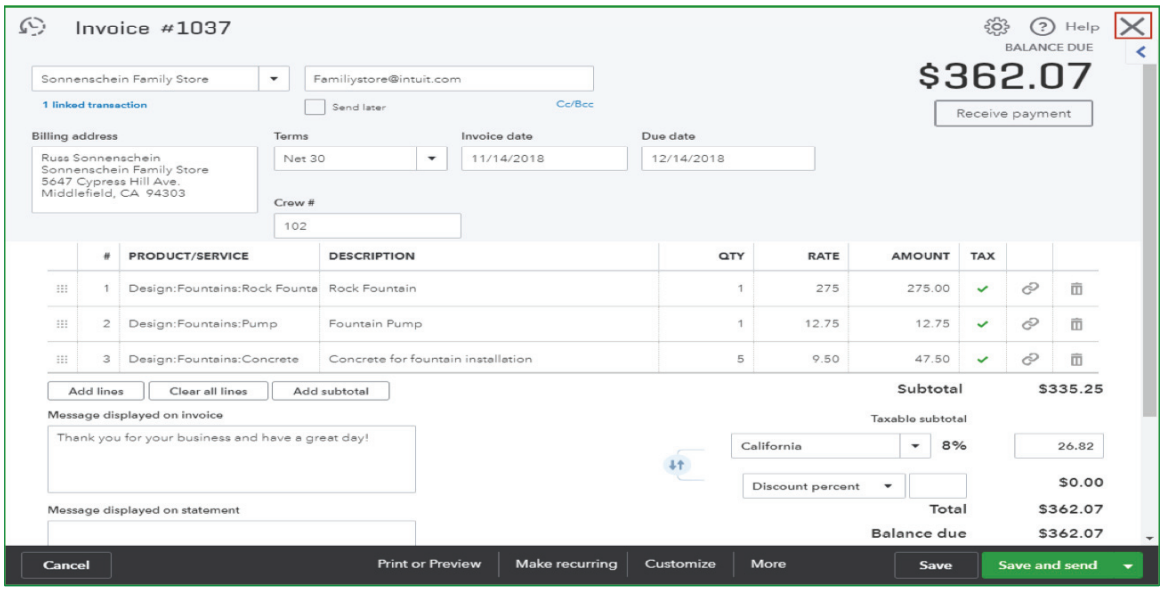
Click the **Search** icon at the top of the Home Page

- You may search by Transaction Number, Date, or Amount.

Enter **1037**; then click the search icon next to the number



- The transaction, which is Invoice 1037, is shown on the screen.



Look at the information provided in the Invoice and then click the **Close** button

Recent Transactions

View Recent Transactions

Click the **Search** icon to view and/or access recent transactions

- A list of Recent Transactions will be shown at the bottom of the Search screen.

Click the Credit Card Expense transaction for $34.00

- Dates will be different from the ones shown in the text.

Recent Transactions
Credit Card Expense 12/09/2018 $34.00
Credit Card Expense 11/20/2018 $42.40 Hicks Hardware
Credit Card Expense 11/26/2018 $19.99 Squeaky Kleen Car W...
Credit Card Expense 11/19/2018 $19.99 Squeaky Kleen Car W...
Credit Card Expense 11/19/2018 $18.97 Bob's Burger Joint
Credit Card Credit 11/28/2018 $900.00

Review the information shown on the Expense form, and then click the **Close** button

Gear

Access information for Your Company, Lists, Tools, and Profile

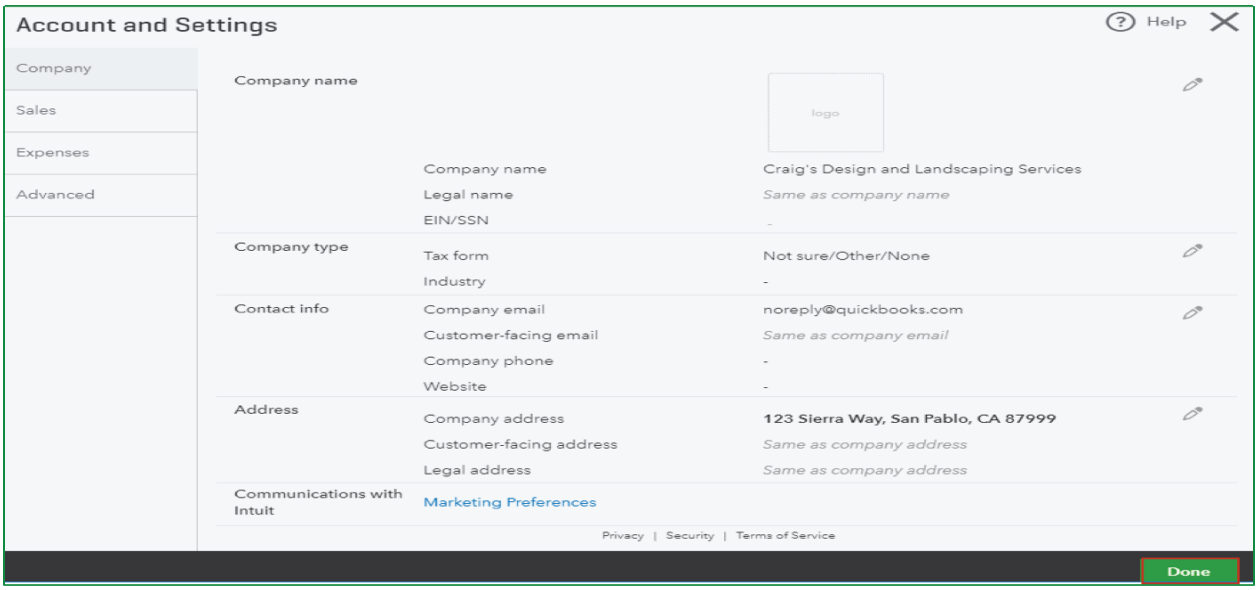
Click the **Gear** icon

- This is used to access, edit, and enter information for Your Company, Lists, Tools, and Profile.

To get information about your company, click **Account and Settings** in the Your Company column

View the information shown on the Company tab for Account and Settings

- To make changes to the settings, you would click the Pen icon to edit.



- Note the other Account and Settings tabs for Sales, Expenses, and Advanced. These areas will be explored fully as you work through the text.

Click the **Done** button on the Account and Settings page

Help

Explore Help

Click the **Help** icon

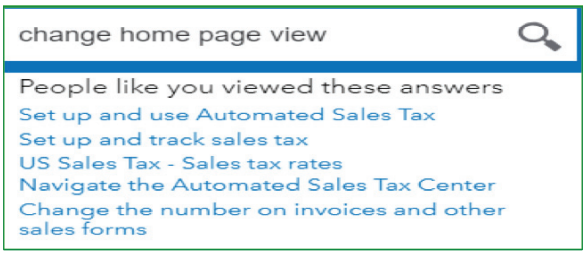
- In Help, you may type in words or phrases and then click the Search icon, or you may click one of the topics displayed.

Enter the words **Home page overview**, click the **Search** icon

Scroll through the information presented

Click the **Back** button to return to the original Help page

- Anything displayed in blue may be clicked to access other Help items.


change home page view
People like you viewed these answers
Set up and use Automated Sales Tax
Set up and track sales tax
US Sales Tax - Sales tax rates
Navigate the Automated Sales Tax Center
Change the number on invoices and other sales forms

Click the **Close** button for Help to exit

CHART FOR LEFT-NAVIGATION BAR

As a reference for the Centers and subsections, you may refer to the following chart:

LEFT-NAVIGATION BAR
Dashboard
Banking
Banking
Bank Rules
Sales or Invoice
All Sales
Invoices
Customers
Deposits (if tab is changed to Invoice)
Products and Services
Expenses
Expenses
Vendors
Workers
Employees
Contractors
Reports
Standard
Custom Reports
Management Reports
Taxes
Accounting
Chart of Accounts (or Gear icon)
Reconcile
My Accountant

LEFT-NAVIGATION BAR—DRILL

The Left-Navigation bar allows you to navigate through QuickBooks Online, access lists, and perform actions. Each area of the Navigation bar is explored in this section. Many of the Centers and Action areas accessed from the Left-Navigation bar include icons to Print, Export to Excel, or change Settings for the section.

DRILL

Use the Test Drive Company to explore the Left-Navigation bar

You will click each of the areas on the Left-Navigation bar to explore each section.

Dashboard

This is the Home Page that you see when you open QuickBooks Online.

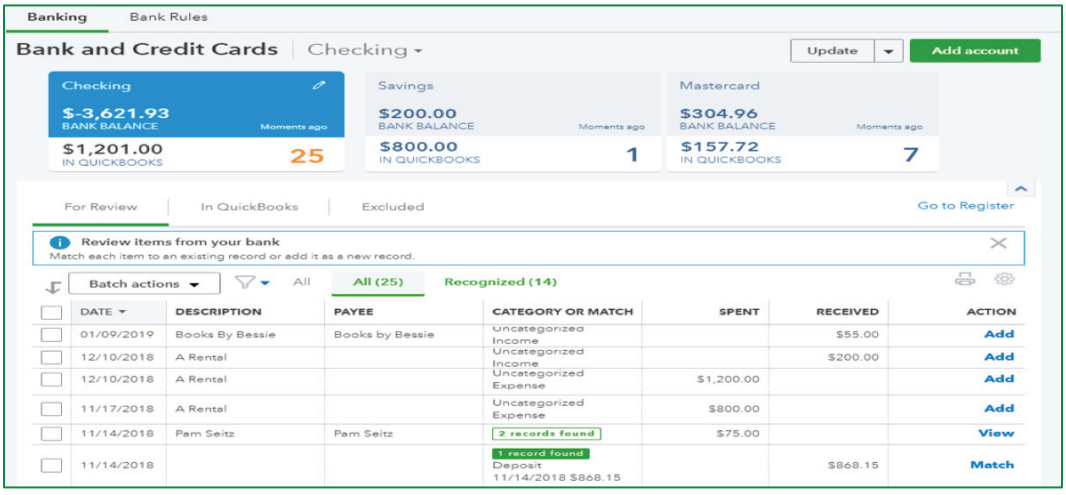
Banking

There are subsections for the Banking Center. They are Banking where you use Online Banking and Bank Rules where you can identify conditions, settings, auto-add, and actions for specific types of transactions. Bank Rules are not used in the text.

View the Banking Center

Click **Banking** on the Left-Navigation bar

- The money bar/dashboard includes information for your bank accounts including Bank Balances and your QuickBooks Balances.
- In this center you can perform batch actions, match transactions, add transactions, and add new bank accounts.
- Icons are available to print and to change the settings for Banking.
  - Settings is used to customize the information shown.



To exit Banking Transactions, click a different tab on the Top- or Left-Navigation bars

Sales or Invoices

The Sales Center groups everything together that is related to sales and includes information for lists, accounts, and business documents. It contains subsections for All Sales, Invoices, Customers, and Products and Services. Note: at the time of writing Intuit was thinking of changing Sales to Invoicing on the Left-Navigation bar. A new subsection of Deposits was going to be added as well. Since this is not yet available, you will not explore it in this chapter.

1

View the Sales Center

Click **Sales** (or Invoices) on the Left-Navigation bar

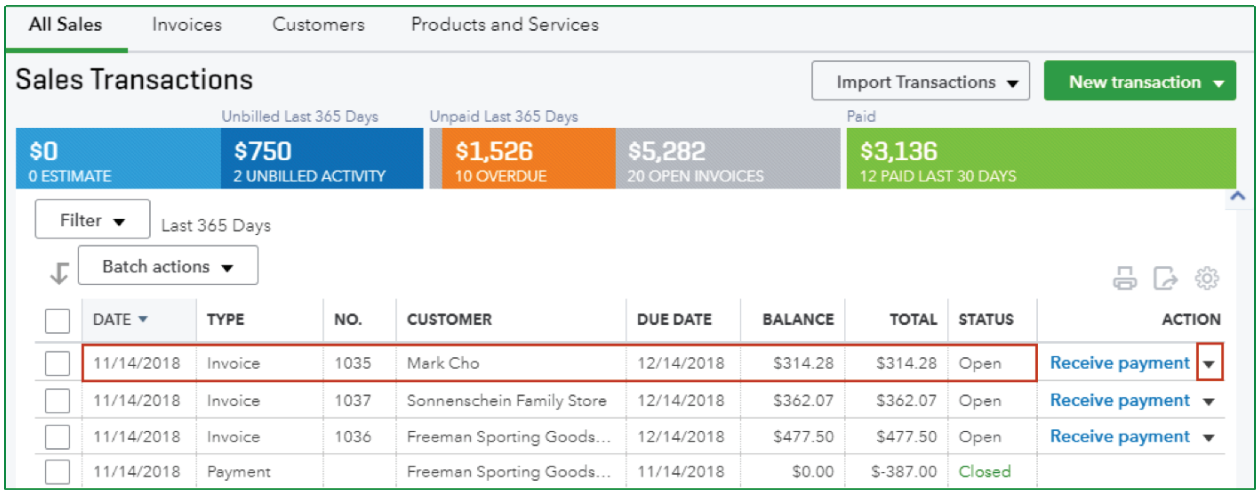
All Sales

Explore the All Sales subsection for Sales (or Invoices). All Sales shows a list of all sales transactions including: Invoices, Payments, Sales Receipts, Credit Memos, Refund Receipts, and Delayed Charges, among others. You may prepare transactions for Invoice, Payment, Sales Receipt, Credit Memo, Delayed Charges, Estimates, and Time Activity by clicking the New transaction button and clicking the transaction type on the drop-down list.

View All Sales

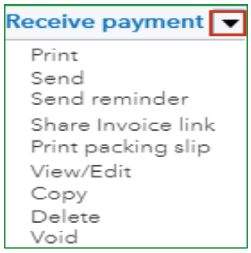
Click the **All Sales** tab in the Sales Center

- The money bar/dashboard lists Estimates, Unbilled Activities, Overdue Invoices, Open Invoices, and Payments Received.
- Individual transaction information includes the Date, Type, Number, Customer, Due Date, Balance, Total, Status, and Action.
- In this center you can perform batch actions, enter new transactions, import transactions, and click individual transactions to drill down and see the details.
- Icons are available to print, export to Excel, and change the settings for All Sales.
  - Settings is used to customize the information shown.

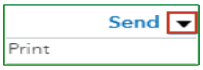


Based on the transaction type, there are a variety of actions shown in the ACTION column

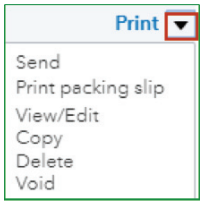
Click the drop-down list arrow for **Receive payment** in the ACTION column for Invoice 1035 for Mark Cho



Scroll through the Sales Center until you find Refund 1020 for Pye's Cakes with the suggested action of **Send**, click the drop-down list arrow to view the action list



Scroll through the Sales Center until you find the Sales Receipt 1011 for Pye's Cakes with the suggested action of **Print**, click the drop-down list arrow and to view the action list



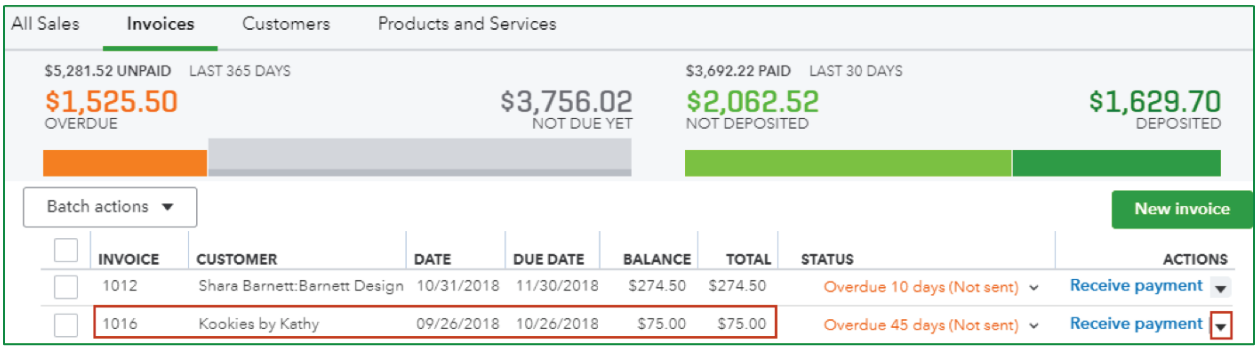
Invoices

This subsection of Sales (or Invoices) shows a list of paid and unpaid Invoices. You may also prepare a new invoice by clicking the New Invoice button. Specifics for Invoice preparation are given in Chapter 2.

View Invoices

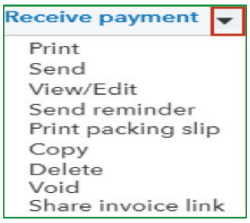
Click the **Invoices** tab in the Sales (or Invoices) Center

- The money bar/dashboard shows Paid and Unpaid totals for Invoices.
- Individual transaction information includes the Invoice, Customer, Date, Due Date, Balance, Total, Status, and Actions.
- In this center you can perform batch actions, enter new invoices, and click individual transactions to drill down and see the details.

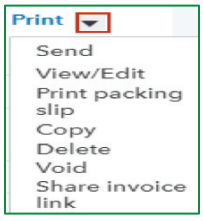

All Sales
Invoices
Customers
Products and Services
$5,281.52 UNPAID LAST 365 DAYS
$1,525.50 OVERDUE
$3,756.02 NOT DUE YET
$3,692.22 PAID LAST 30 DAYS
$2,062.52 NOT DEPOSITED
$1,629.70 DEPOSITED
Batch actions
New invoice
INVOICE CUSTOMER DATE DUE DATE BALANCE TOTAL STATUS ACTIONS
1012 Shara Barnett:Barnett Design 10/31/2018 11/30/2018 $274.50 $274.50 Overdue 10 days (Not sent) Receive payment
1016 Kookies by Kathy 09/26/2018 10/26/2018 $75.00 $75.00 Overdue 45 days (Not sent) Receive payment

Based on the transaction type, there are a variety of actions shown in the ACTIONS column

To view the available actions for Receive payment, click the drop-down list arrow for **Receive payment** in the ACTIONS column for Invoice 1016 for Kookies by Kathy



To view the available actions for **Print**, scroll down until you see Invoice 1004 for Cool Cars with **Print** in the ACTIONS column, click the drop-down list arrow next to Print



Customers

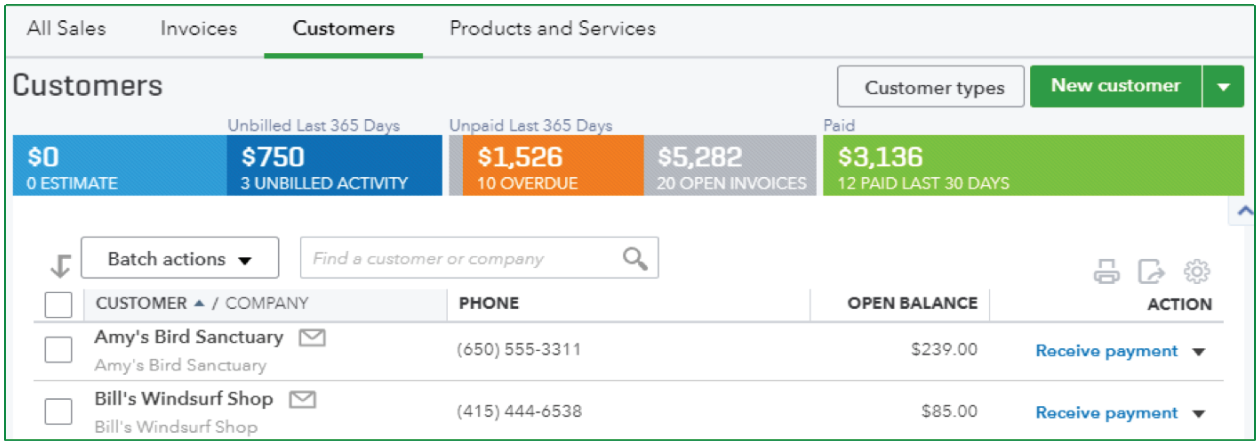
The Customers subsection displays the Customers List. You may add new customers, edit existing customers, perform batch actions, and complete actions for individual customers.

View Customers

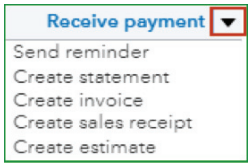
Click the **Customers** tab in the Sales (or Invoice) Center

1

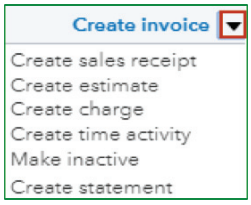
- Note the dashboard. It contains a money bar that displays the amounts and number of transactions for Estimates, Unbilled Activities, Overdue Invoices, Open Invoices, and Payments Received.
- Information about all your customers is shown. This includes names, phone numbers, open balance amounts, and action that may be performed.
- Customers may be added, edited, or made inactive.
- Icons are available to print, export to Excel, and change settings for the Customers List.
  - Settings is used to customize the information shown.



To view the available actions for Receive payment, click the drop-down list arrow for **Receive payment** in the ACTION column for Amy's Bird Sanctuary



Scroll through the Customers Center until you find Cool Cars with the suggested action of **Create invoice**, click the drop-down list arrow and view the action list



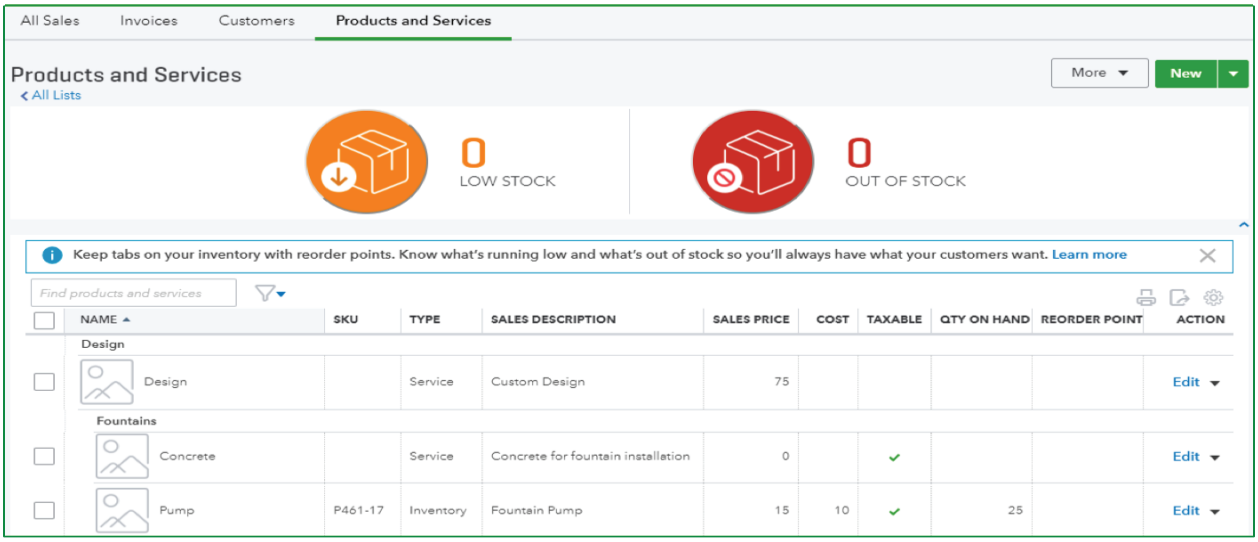
Products and Services

Displays the Products and Services List, which a list of all the products and/or services your business sells. The Products and Services List may also be accessed by clicking the Gear icon on the Top-Navigation bar. In the Products and Services List, information regarding the items or services sold are given. Specifics for using the Products and Services List are given in Chapter 2.

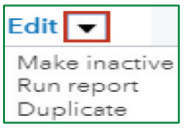
View Products and Services List

Click the **Products and Services** tab in the Sales (or Invoice) Center

- Note the dashboard. It contains information about inventory items that are low in quantity or are out of stock.
- Information about all your sales items is shown. This includes the product/item name, SKU number, Type, Sales Description, Sales Price, Cost, Taxable, Quantity on Hand, Reorder Point, and Action is provided for each sales item.
- As with Customers, icons are available to print, export to Excel, and change settings for the Products and Services center.
  - Settings is used to customize the information shown.



To view the available actions for Edit, click the drop-down list arrow in the ACTION column for Design



To exit the Product and Services tab and the Sales Center, click a different tab on the Top- or Left-Navigation bars

Expenses

The Expenses Center groups everything together that pertains to expenses incurred in running a business and includes bills, checks, purchase orders, and other costs to run a business. Subsections include Expenses and Vendors.

View the Expenses Center

Click **Expenses** on the Left-Navigation bar

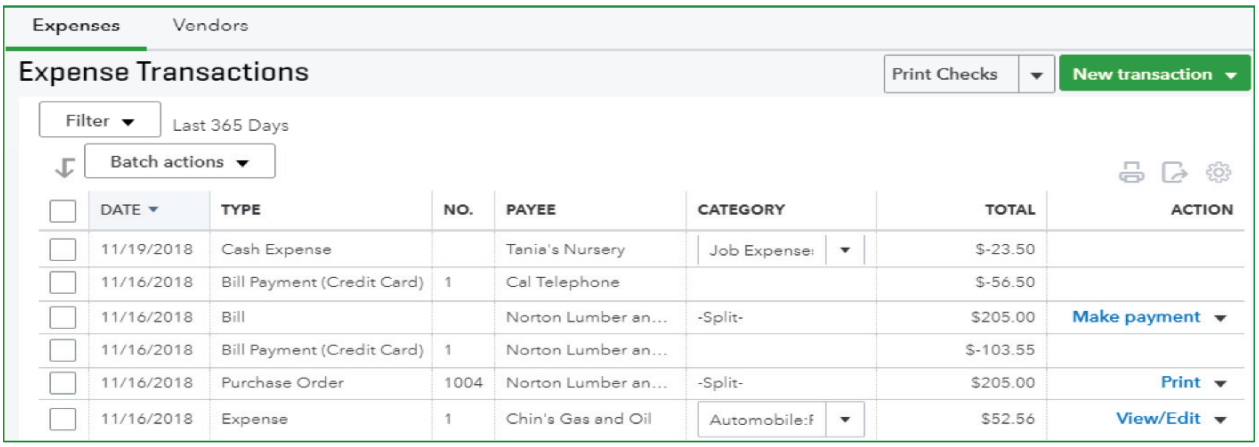
Expenses

Using the Expenses subsection of the Expenses center, you may enter transactions for: Bill, Expense, Check, Purchase Order, and Vendor Credit by clicking the New transaction button. As with other subsections that you have explored, the ACTION column will provide different actions that are available for different types of transactions.

View Expenses

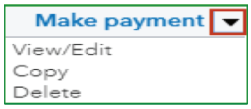
Click the **Expenses** Tab

- A list of all expense transactions is shown.
- Information for each expense is displayed in columns for: Date, Type, Number, Payee, Category, Total, and Action.
- As with the Sales (Invoice) center, icons are available to print, export to Excel, and change settings for the Expenses center.
  - Settings is used to customize the information shown.

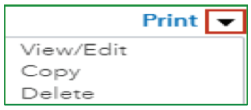


To explore the different actions available for different types of transactions, do the following:

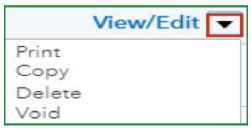
Click the drop-down list arrow for the Action **Make payment**



Click the drop-down list arrow for the Action **Print**



Click the drop-down list arrow for the Action **View/Edit**



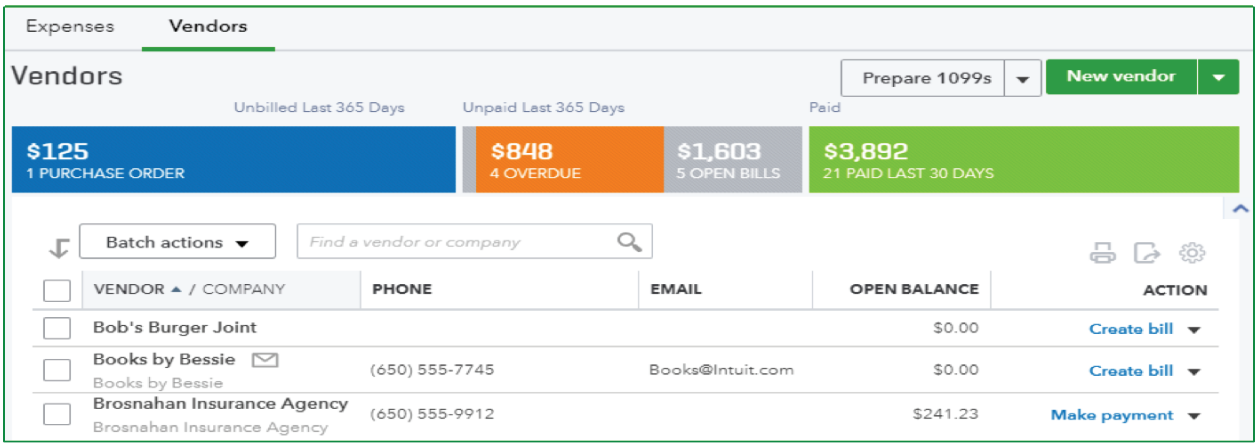
Vendors

When you click Vendors, you will display the Vendors List. The Vendors List contains information for each of your vendors. This list in QuickBooks Online is the same as the Accounts Payable Subsidiary Ledger in traditional accounting.

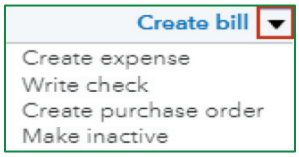
View Vendors

Click the **Vendors** tab

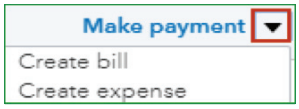
- Information is shown for all your vendors. This includes vendor/company names, phone numbers, email addresses, open balance amounts, and actions that may be performed.
- Vendors may be added, edited, or made inactive.
- The dashboard includes a money bar that displays the amounts and number of transactions for Purchase Orders, Overdue Bills, Open Bills, and Payments Made.
- As with the Expenses subsection, icons are available to print, export to Excel, and change settings for the Vendors subsection.
  - Settings is used to customize the information shown.



Click the drop-down list arrow for **Action** for Bob's Burger Joint
View the list of actions that may be performed when the suggested action is **Create bill**



Scroll through the Vendors list until you find Brosnahan Insurance Agency with the suggested action of **Make payment**; click the drop-down list arrow and view the action list



To exit the Expenses Center, click a different tab on the Top- or Left-Navigation bars

Workers

Workers is divided into two subsections: Employees and Contractors. When Payroll is activated, a third subsection, Workers' Comp, is added. The Employees subsection contains information about each of your employees that work for your business. The Contractors subsection contains information about each contractor that you work with on specific jobs. They are not employees of your company. If active, the Workers' Comp subsection has information about Workers' Comp and access to a partner insurance company for Workers' Comp insurance.

View the Workers Center

Click **Workers** on the Left-Navigation bar to display the Workers Center

Employees

Employees work for your company and are paid by you. You are also responsible to pay payroll taxes for each employee and withhold the payroll taxes they are required to pay from their paychecks. The company is also responsible to submit all payroll taxes to the proper taxing agencies. At the end of the year, you issue a W2 to the employee and the government to report payroll amounts for the individual employee.

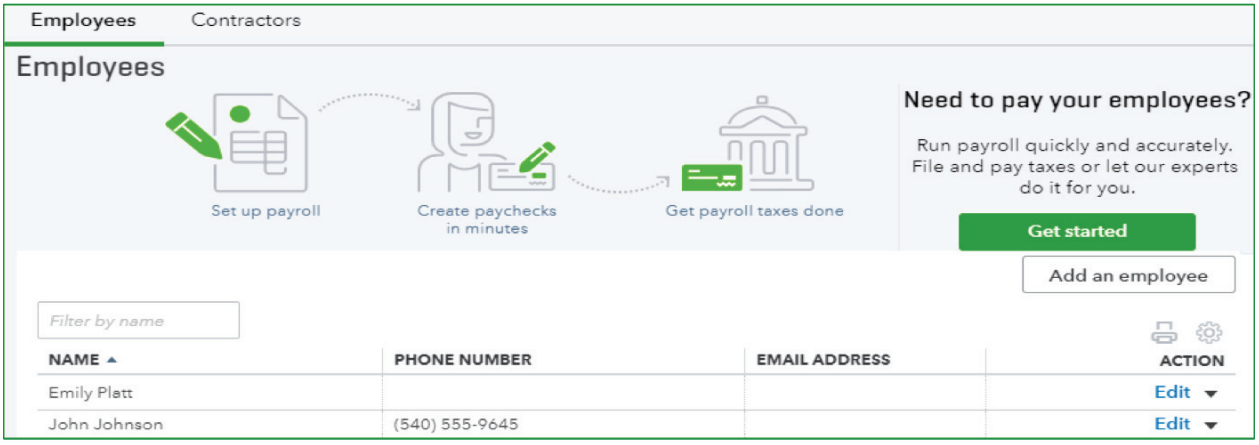
View Employees

Click the **Employees** tab

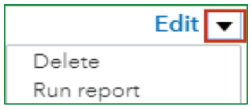
- Information is shown for all your employees. This includes names, phone numbers, email addresses, and actions that may be performed.
- Employees may be added, edited, or made inactive.

1

- Icons are available to print and to change settings.
  - Settings is used to customize the information shown.



Click the drop-down list arrow for **Action** for Emily Platt

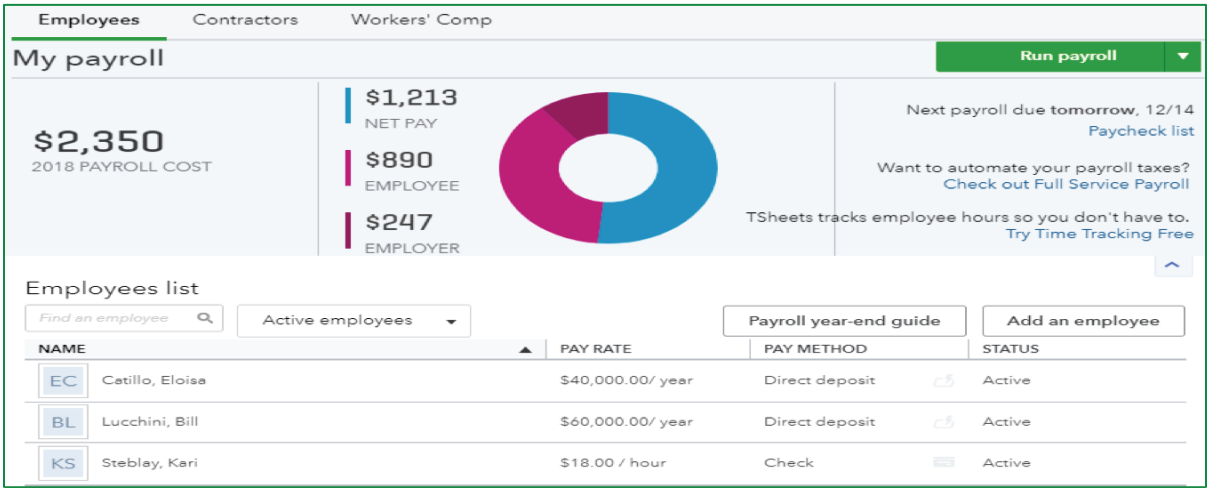


View the list of actions that may be performed when Payroll has not been activated

Click **Get Started** in the upper-right corner of the Employees subsection

View the Employees subsection

- When payroll is turned on in the Test Drive Company, payroll may be run and an Action column will not be shown.
- The money bar at the top of the screen shows your total payroll cost for the year to date, the net pay, amounts for employee and employer taxes, and reminders. The information shown changes depending on the date, so your information may not match the screenshot.
- Information shown for all employees includes Names, Pay Rate, Pay Method, and Status.
- After you turn on payroll in the Test Drive Company, different employees are shown and a subsection for Worker's Comp is added to the Workers Center.
- After payroll has been activated, if you were to access the Taxes Center on the Left-Navigation bar, you would find information for sales taxes and payroll taxes.



Click the **Contractors** tab

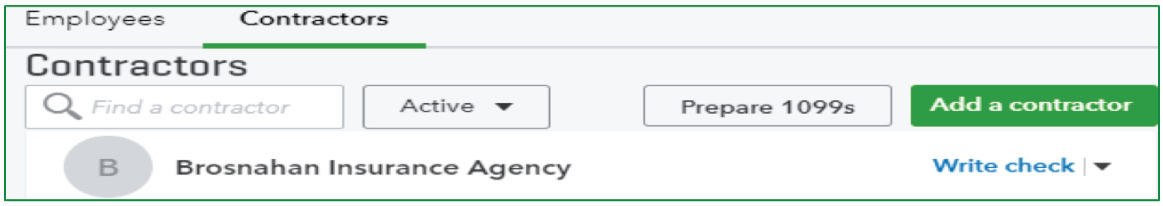
Contractors

Contractors are individuals or companies that you hire for a specific job, project, or task. They are not employees of the company. You do not issue paychecks or pay payroll taxes for contractors. They are paid for the work they do and are responsible to pay their own payroll taxes. Many times, you will sign a contract or an agreement for the work the contractor will perform. At the end of the year, you will issue a 1099 statement to each contractor and send it to the government to report the amounts paid.

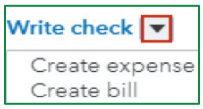
View Contractors

Click the **Contractors** tab

- Information is shown for all your contractors. This includes the contractors' names and actions that may be performed.
- Contractors may be added, edited, or made inactive.
- The following screenshot shows the subsection for Contractors when payroll has not been activated. Activating payroll simply adds a center for Workers' Comp. It does not change anything for Contractors.



Click the drop-down list arrow for **Action** for Brosnahan Insurance Agency
View the list of actions that may be performed when the Action is Write check



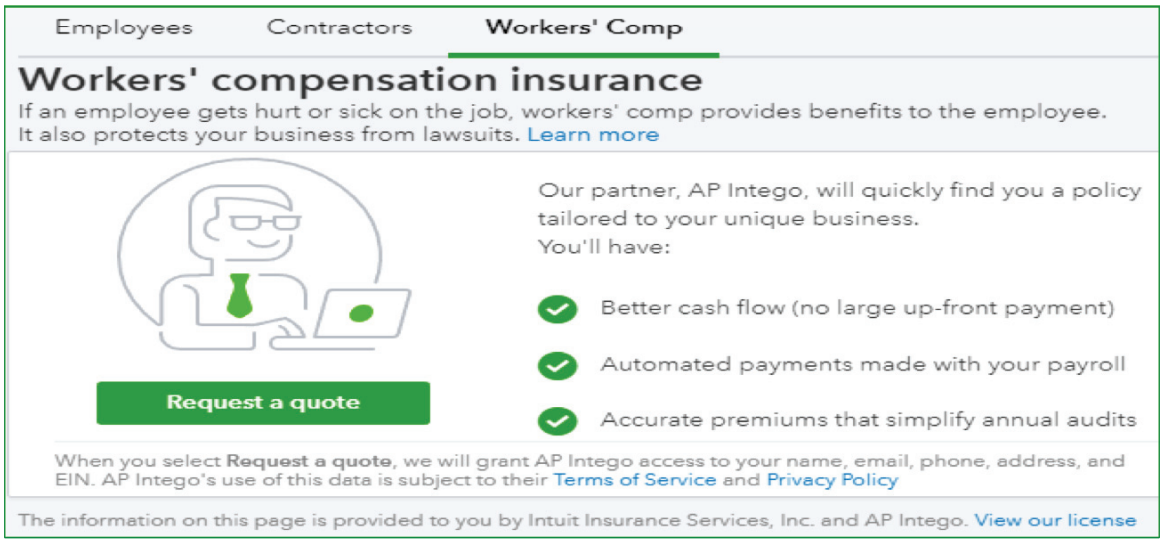
Workers' Comp

To help provide coverage for workers who may be injured on the job, most states require that employees provide coverage for injured employees. Companies typically use a workers' compensation insurance plan to cover employees for medical bills, lost wages, and any legal expenses.

View Workers' Comp (if Payroll has been activated)

Click the **Workers' Comp** tab

- You will see information about getting a workers' comp insurance quote from a partner company.
- To learn more about workers' comp, click **Learn more** on the screen.


Employees
Contractors
Workers' Comp
Workers' compensation insurance
If an employee gets hurt or sick on the job, workers' comp provides benefits to the employee.
It also protects your business from lawsuits. Learn more
Our partner, AP Intego, will quickly find you a policy tailored to your unique business.
You'll have:
Better cash flow (no large up-front payment)
Automated payments made with your payroll
Accurate premiums that simplify annual audits
Request a quote
When you select Request a quote, we will grant AP Intego access to your name, email, phone, address, and EIN. AP Intego's use of this data is subject to their Terms of Service and Privacy Policy
The information on this page is provided to you by Intuit Insurance Services, Inc. and AP Intego. View our license

To exit the Workers Center, click a different tab on the Top- or Left-Navigation bars

Reports

QuickBooks Online has a variety of reports available. All the reports available in QuickBooks Online may be prepared from this center. The Report center has three subsections for Standard, Custom Reports, and Management Reports.

View the Reports Center

Click **Reports** on the Left-Navigation bar to access the Reports Center

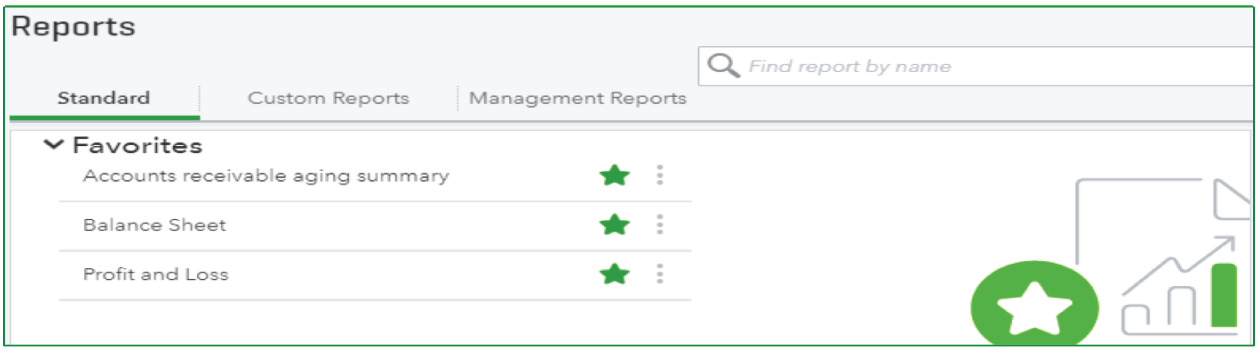
Standard

The Standard subsection contains all the reports available in QuickBooks Online. The reports are arranged in categories that are grouped together by related tasks. The report categories may be expanded or contracted. When expanded, reports may be prepared by clicking a selection within a category. The categories include Favorites, Business overview, Who owes you, Sales and Customers, What you owe, Expenses and Vendors, Sales tax, Employees, For my accountant, and Payroll.

View Standard Reports

Click **Standard**

- Standard has several categories of reports that may be expanded or contracted. The report categories are grouped by related tasks.
- The report categories are: Favorites, Business overview, Who owes you, Sales and Customers, What you owe, Expenses and Vendors, Sales tax, Employees, For my accountant, and Payroll.
- The following screenshot shows the Favorites category expanded.



Scroll through the list of standard reports to view the different reports available in QuickBooks Online

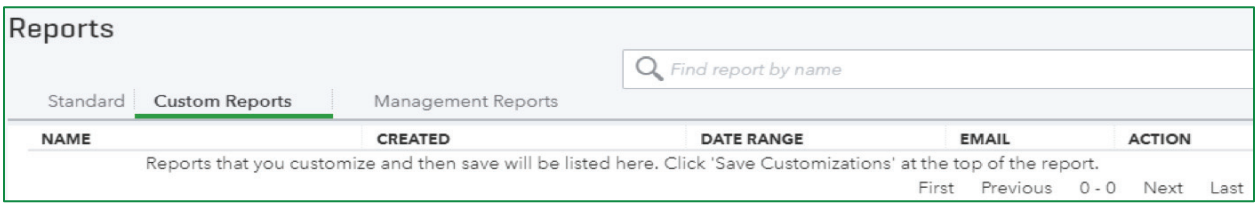
Custom Reports

The Custom Reports subsection contains all the reports that you have customized and saved in QuickBooks Online. Information about the reports contain the report name, date created, date range, email (if appropriate), and action.

View Custom Reports

Click **Custom Reports**

- You will see a list of reports that you have customized and saved.
  - Since this is the test drive company, there are no custom reports shown.



Management Reports

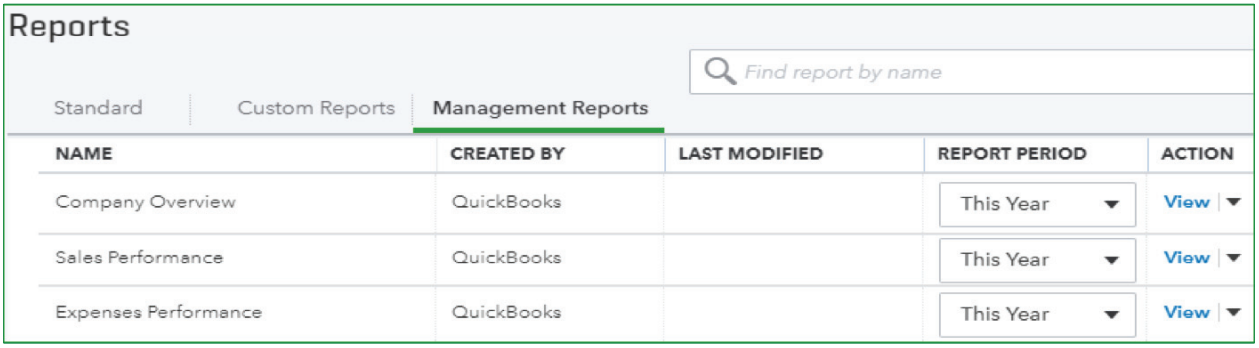
Management reports contain reports that are bundled together in packages to provide information based on a specific area. The data used in these reports is compiled based on your company file in QuickBooks Online. Information about the reports contain the report name, created by, last modified, report period, and action.

View Management Reports

Click **Management Reports**

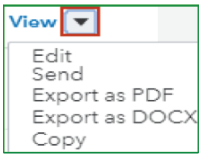
- Currently, there are three management reports available. They are Company Overview, Sales Performance, and Expenses Performance.
  - Company Overview contains the Profit and Loss and Balance Sheet reports.
  - Sales Performance includes the Profit and Loss, A/R (Accounts Receivable) Aging Detail, and Sales by Customer Summary reports.
  - Expenses Performance includes Profit and Loss, A/P (Accounts Payable) Aging Detail, and Expenses by Vendor Summary reports.

- If you click the drop-down list arrow for the Report Period, you will be able to change the range of information for the reports.



Click the drop-down list arrow for ACTION, view the actions that may be performed for each of the management reports

To exit the Reports Center, click a different tab on the Top- or Left-Navigation bars



Taxes

If you do not have Payroll activated, you will only have the Sales Tax center available. If you have activated Payroll, there will be two subsections: Sales Tax and Payroll Tax. The Taxes center organizes your sales and payroll taxes and lets you know what taxes have been paid and when. It also lets you know what taxes are due and when.

Explore the Taxes Center

Click **Taxes** to access the Taxes Center

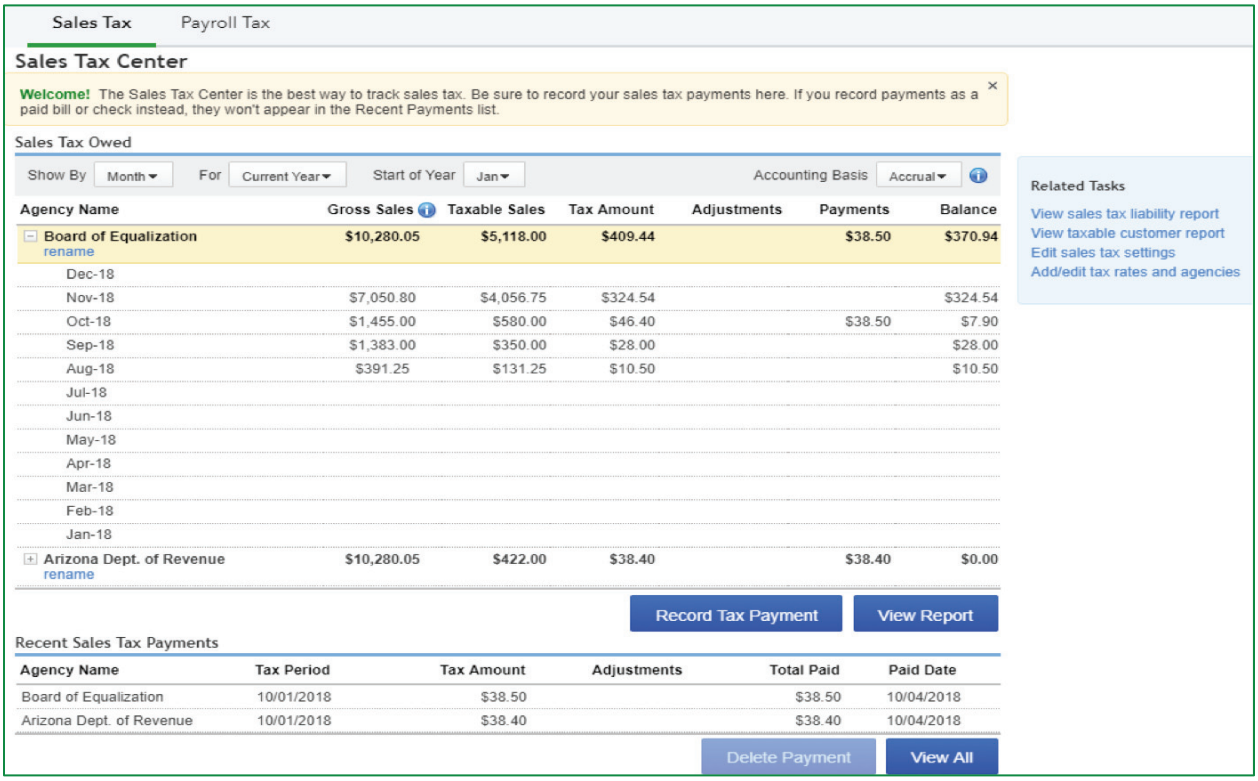
Sales Tax

The Sales Tax subsection of the Taxes Center keeps track of all the sales taxes you have collected from sales. It is also used to pay the sales taxes you have collected to the appropriate agencies.

Open the Sales Tax subsection

Click **Sales Tax** to open the Sales Tax subsection

- Sales Tax is used to track and pay sales tax.
- It is divided into two sections: Sales Tax Owed and Recent Sales Tax Payments.
- Important reminder: always use the Sales Tax subsection to record your Sales Tax payments. If you pay sales taxes as a bill or write a check, the payments will not appear in the Recent Payments list and it will be very difficult to access the sales tax payment.
- Information is displayed with the most recent date shown first.


Sales Tax
Payroll Tax
Sales Tax Center
Welcome! The Sales Tax Center is the best way to track sales tax. Be sure to record your sales tax payments here. If you record payments as a paid bill or check instead, they won't appear in the Recent Payments list.
Sales Tax Owed
Show By Month For Current Year Start of Year Jan Accounting Basis Accrual
Agency Name Gross Sales Taxable Sales Tax Amount Adjustments Payments Balance
Board of Equalization rename $10,280.05 $5,118.00 $409.44 $38.50 $370.94
Dec-18
Nov-18 $7,050.80 $4,056.75 $324.54 $324.54
Oct-18 $1,455.00 $580.00 $46.40 $38.50 $7.90
Sep-18 $1,383.00 $350.00 $28.00 $28.00
Aug-18 $391.25 $131.25 $10.50 $10.50
Jul-18
Jun-18
May-18
Apr-18
Mar-18
Feb-18
Jan-18
Arizona Dept. of Revenue rename $10,280.05 $422.00 $38.40 $38.40 $0.00
Record Tax Payment
View Report
Recent Sales Tax Payments
Agency Name Tax Period Tax Amount Adjustments Total Paid Paid Date
Board of Equalization 10/01/2018 $38.50 $38.50 10/04/2018
Arizona Dept. of Revenue 10/01/2018 $38.40 $38.40 10/04/2018
Delete Payment
View All
Related Tasks
View sales tax liability report
View taxable customer report
Edit sales tax settings
Add/edit tax rates and agencies

To exit the Sales Tax Center, click a different tab on the Top- or Left-Navigation bars

Payroll Tax

The Payroll Tax subsection keeps track of the payroll taxes you have withheld from your employees and the payroll taxes that you as an employer also pay for each employee. In addition, you will pay the payroll taxes that are due to the appropriate agencies using the Payroll Tax subsection of the Taxes Center.

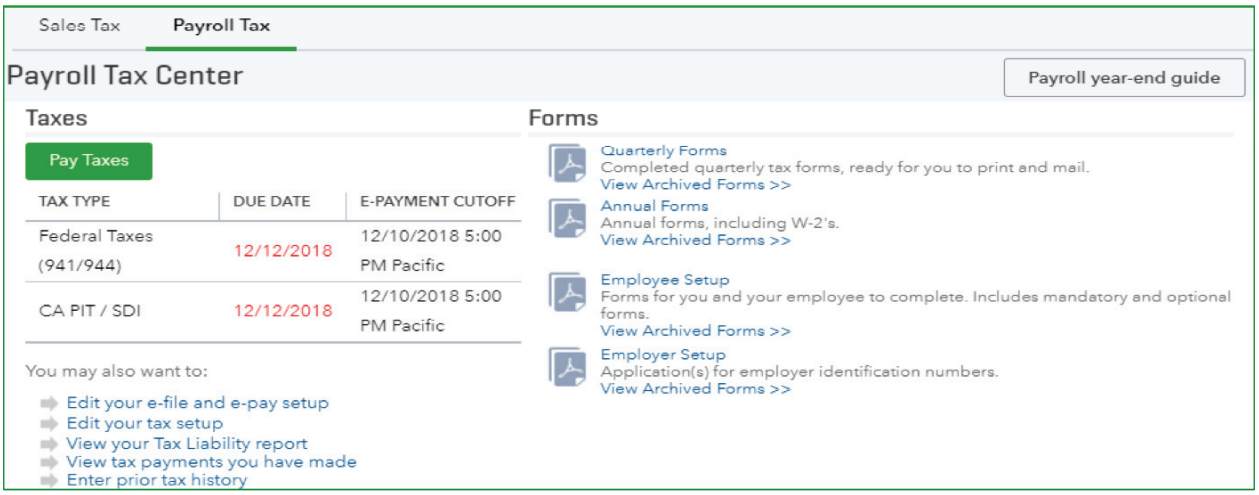
Open the Payroll Tax subsection

Click **Payroll Tax** to open the Payroll Tax subsection of the Taxes Center

- If you do not have Payroll turned On, it must be activated. To do this, click **Workers** on the Left-Navigation bar, then click the **Get Started** button.

The Payroll Tax subsection is divided into two sections: Taxes and Forms

- The Taxes side allows you to Pay Taxes and view the Tax Type, Due Date, and E-Payment Cutoff Date and Time. There are other tasks that may be performed as well.
- The Due Date and E-Payment Cutoff dates are changed frequently and will not match the text.
- The Forms side allows you to access a variety of both blank and archived Forms.



Click **Quarterly Forms** in the Forms section

- You will see an explanation regarding the Quarterly forms available and a portal to the individual forms in blue.

Exit the Payroll Tax Center by clicking a different tab on the Top- or Left-Navigation bars

Accounting

The Accounting Center has two subsections: Chart of Accounts and Reconcile. These sections are used to display and work with the Chart of Accounts and to reconcile all balance sheet accounts.

Explore the Accounting Center

Click **Accounting** on the Left-Navigation bar

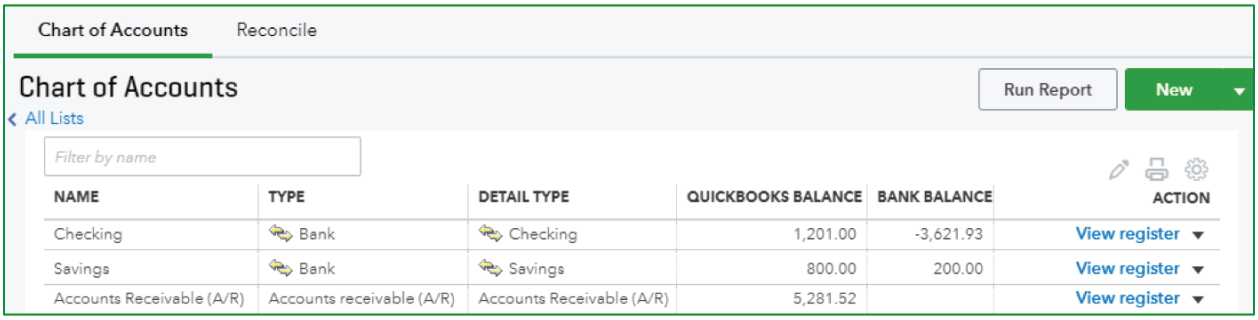
Chart of Accounts

The Chart of Accounts shows all the accounts that your company uses. Information is provided with the account name, type of account, detail type of account, QuickBooks balance, bank balance, and actions that are available to use.

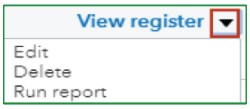
Open the Chart of Accounts

Click **Chart of Accounts** in the Accounting Center
If you see the green **See your Chart of Accounts** button, click it

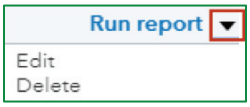
- You will see the Name, Type, Detail Type, QuickBooks Balance, Bank Balance (if appropriate), and the Action column.
- You may Run Reports, add New Accounts, View the Account Register (individual account information), Edit, and Delete Accounts.
- Icons are available to edit, print, and change settings.
  - Settings is used to customize the information shown.



To see available actions for View register, click the Checking account drop-down list arrow for Action next to View register



Scroll through the Chart of Accounts until you find Retained Earnings with the suggested action of Run Report
Click the drop-down list arrow and view the action list



Reconcile

Reconcile is used to reconcile the balance of all the balance sheet accounts. The most commonly reconciled account is Checking. When you reconcile checking, you are reconciling your QuickBooks Online account balance with your Bank balance.

Open Reconcile

Click **Reconcile** in the Accounting Center
If you see the green **Reconcile an account** button, click it
If you get a tutorial screen, click **Maybe Later**

- You will begin a reconciliation on the Reconcile an account screen. To do this, you would click the drop-down list arrow for Account, enter your Ending balance and the Ending date, then click Start reconciling.
- All balance sheet accounts may be reconciled. These include assets, liabilities, and equity accounts. Since income and expense accounts are not shown on the balance sheet, they may not be reconciled.

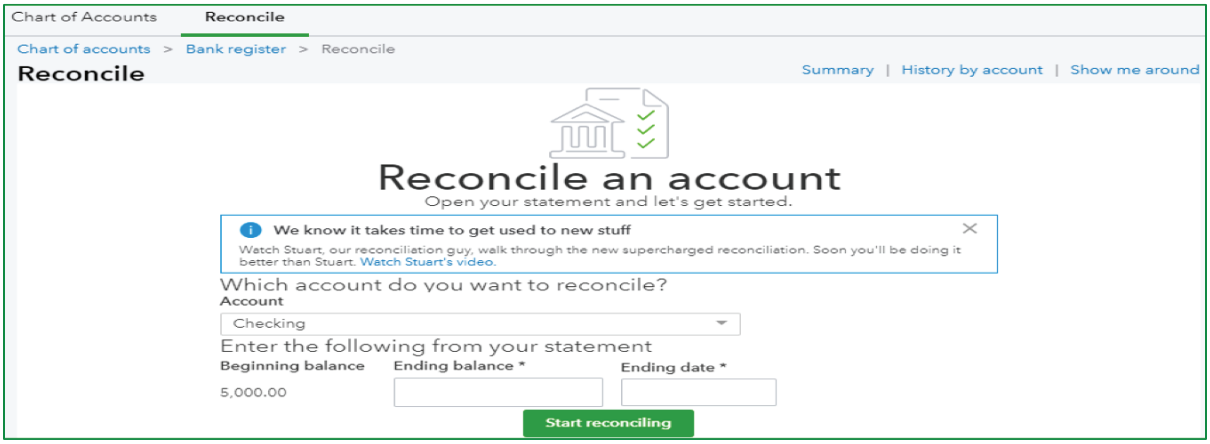


Chart of Accounts
Reconcile
Chart of accounts > Bank register > Reconcile
Reconcile
Summary | History by account | Show me around
Reconcile an account
Open your statement and let's get started.
We know it takes time to get used to new stuff
Watch Stuart, our reconciliation guy, walk through the new supercharged reconciliation. Soon you'll be doing it better than Stuart. Watch Stuart's video.
Which account do you want to reconcile?
Account
Checking
Enter the following from your statement
Beginning balance
Ending balance *
Ending date *
5,000.00
Start reconciling

Exit the Accounting Center by clicking a different tab on the Top- or Left-Navigation bars

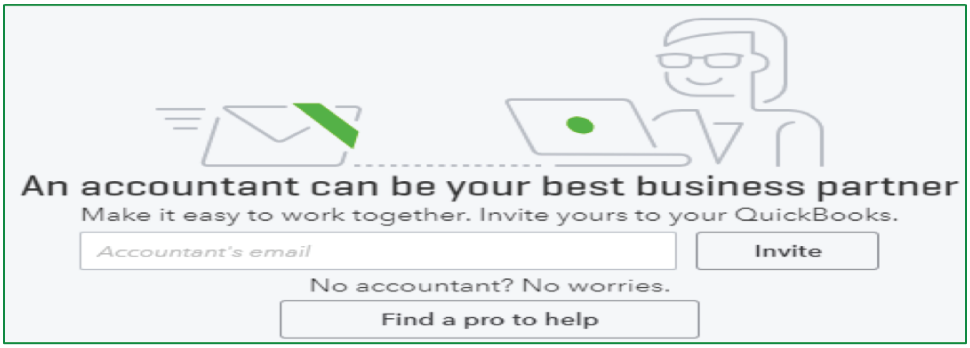
1

My Accountant

My Accountant is used to invite your accountant to work with you and to allow your accountant to access your QuickBooks Online company file.

Explore the My Accountant Center

Click **My Accountant** on the Left-Navigation bar


An accountant can be your best business partner
Make it easy to work together. Invite yours to your QuickBooks.
Accountant's email
Invite
No accountant? No worries.
Find a pro to help

Exit My Accounting by clicking a different tab on the Top- or Left-Navigation bars

Apps

An App is a small program or application that is integrated with QuickBooks to help you save time and/or perform specific tasks. While this category is not shown on the Left-Navigation bar in the Test Drive company, it does appear in the company you will create in Chapter 2. Apps is used to Find Apps and to keep track of My Apps.

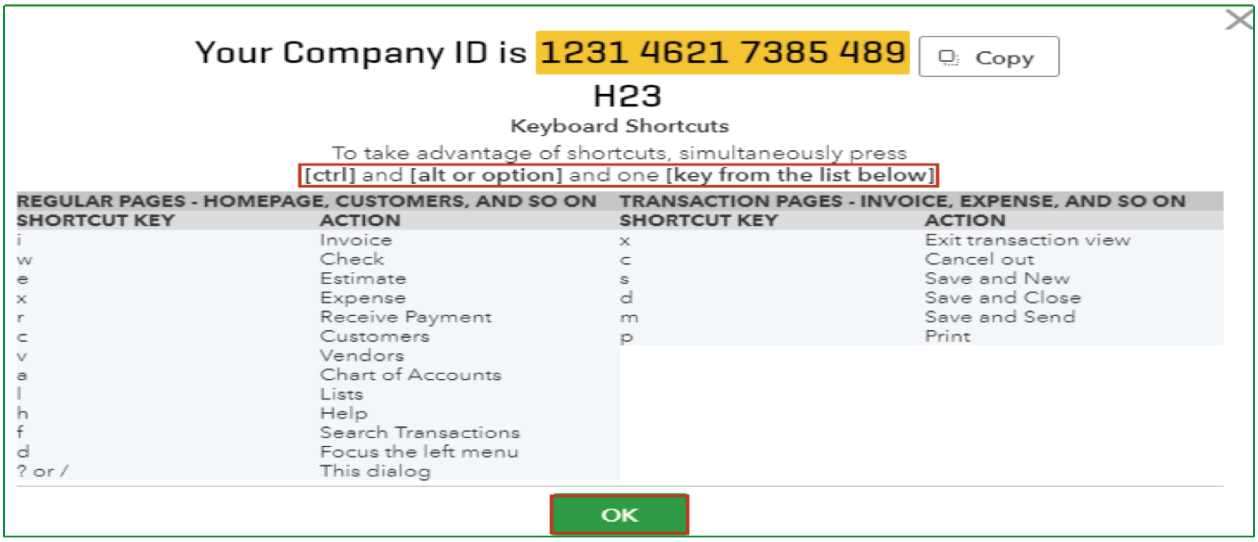
KEYBOARD SHORTCUTS—DRILL

To save time, you may use the keyboard rather than the mouse or track pad to access business forms, centers, and lists. In addition, there are shortcuts for exiting, canceling, saving, sending, and printing transactions and business forms.

DRILL

View Keyboard Shortcuts

Press and hold the **Ctrl Alt ?** keys to display the keyboard shortcuts available in QBO



Click **OK** to close the shortcut screen
Use the keyboard shortcut **Ctrl Alt a** to access the Chart of Accounts (do not type any spaces)

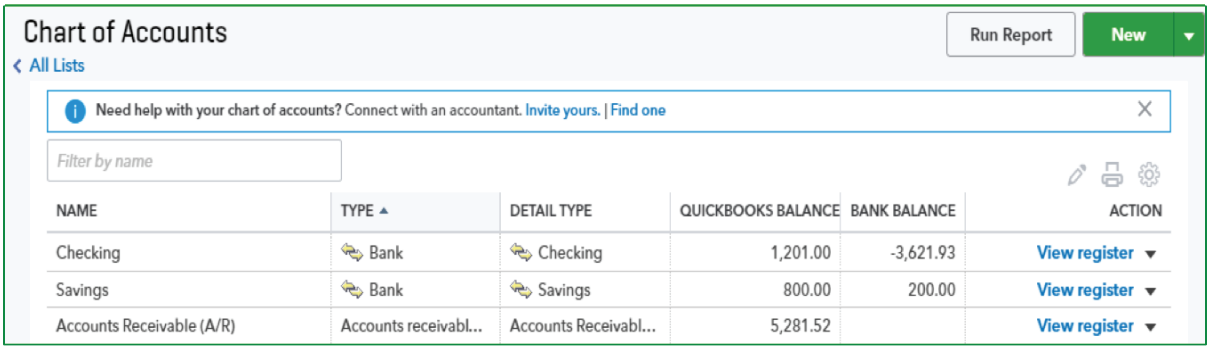


Chart of Accounts
Run Report
New
All Lists
Need help with your chart of accounts? Connect with an accountant. Invite yours. | Find one
Filter by name
NAME TYPE DETAIL TYPE QUICKBOOKS BALANCE BANK BALANCE ACTION
Checking Bank Checking 1,201.00 -3,621.93 View register
Savings Bank Savings 800.00 200.00 View register
Accounts Receivable (A/R) Accounts receivabl... Accounts Receivabl... 5,281.52 View register

To exit the Chart of Accounts, click a different tab on the Top- or Left-Navigation bars

EXIT QUICKBOOKS ONLINE AND THE TEST DRIVE COMPANY—DRILL

DRILL

Click the **Close** button on the QuickBooks tab in your Web browser to exit both QuickBooks Online and the Test Drive Company, Craig's Design and Landscaping Services

SUMMARY

Chapter 1 provides general information regarding QuickBooks Online Plus. In this chapter, the types of available QuickBooks programs were explored, Gmail accounts were created, the application for the Educational Trial Version on QuickBooks Online Plus was completed. Once approved, your QBO account was activated and your company, Your Name's Beach Barkers, was created. Various QuickBooks Online features were examined. The Test Drive Company provided by Intuit was used to explore the different elements, operations, and characteristics of QuickBooks Online Plus.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the questions numbers do not refer to the chapter objectives.)

_____ 1.01. Cloud-based computing uses the Internet to provide program access.

_____ 1.02. The Top-Icon bar is at the top of the Home Page.

_____ 1.03. You must have a password to login to the Test Drive Company.

_____ 1.04. You must pay a monthly fee to access the Test Drive Company.

_____ 1.05. Click Reports on the Left-Navigation bar to access the reports available for QuickBooks Online.

_____ 1.06. On the Create screen, click Invoice under Customer to access a blank invoice.

_____ 1.07. A mouse is used to click on a keyboard shortcut.

_____ 1.08. Payroll taxes are always active.

_____ 1.09. QuickBooks is available in Online and Desktop versions.

_____ 1.10. All reports that you have customized are included in Standard reports.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 1.11. Supported browsers for QuickBooks Online include ___.
- A. Chrome
- B. Internet Explorer
- C. Safari
- D. All the above

_____ 1.12. On the Home Page, the Company Name is displayed ___.
- A. Under the Income bar
- B. In the Information and Display Area
- C. On the Left-Navigation bar
- D. On the browser tab

_____ 1.13. Clicking Create (Plus) icon opens a list of tasks that may be completed for ___.
A. Company Settings
B. Accounts Payable
C. Vendors
D. Accountants

_____ 1.14. To save transactions in QuickBooks Online, you use ___.
A. A USB drive
B. The hard disk in the computer
C. The Cloud
D. All the above

_____ 1.15. You can access QuickBooks Online on a ___.
A. Computer
B. iPad
C. Mobile Phone
D. All the above

_____ 1.16. Bank accounts and credit card balances are shown on the ___.
A. Home Page
B. Reports List
C. Top-Navigation bar
D. None of the above

_____ 1.17. After clicking the Create (Plus) icon, you will have columns for ___ that are used access forms to enter transactions.
A. Customers
B. Vendors
C. Employees
D. All the above

_____ 1.18. To give commands without using the mouse, you use a(n) ___.
A. Keyboard Shortcut
B. Navigation bar
C. Menu
D. Icon

_____ 1.19. To obtain information about Your Company, click the ___ icon and Account and Settings.
A. Search
B. Gear
C. Plus
D. Home on the Left-Navigation bar

_____ 1.20. ___ are available that integrate and work with QuickBooks Online.
A. Commands
B. Tasks
C. Apps
D. All the above

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

1.21. Use the _____ subsection in the Expenses center to add or edit a vendor.

1.22. To keep the books for a business, accounting transactions need to be_____, _____, and _____.

1.23. QuickBooks Online uses the _____ to provide program access and the _____ to store data.

1.24. To ask for information about or to learn how to perform a task, click the _____ icon on the Top-Navigation bar.

1.25. In the Customer subsection of the Sales (or Invoice) Center, there are icons to print, export to Excel, or change _____.

COMPUTER ASSIGNMENT

USE THE QUICKBOOKS ONLINE TEST DRIVE COMPANY TO LOOK UP INFORMATION, THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

1.26. What is the Keyboard Shortcut to Open the Chart of Accounts? _____

1.27. The Dashboard appears on the ___ and shows the company name, a setup guide, and company information. _____

1.28. Which icon do you click in order to Manage Users? _____

1.29. To find a transaction, you may Search by Transaction Number, Date, or ___. _____

1.30. To access Management Reports, you click ___ on the Left -Navigation bar. _____

1.31. View Reports to determine and answer: Which report shows you the company Assets, Liabilities, and Equity? _____

1.32. The first category of Standard Reports is ___.
(View Reports if you need to look up this information.) _____

1.33. If Payroll is activated, what are the two subsections of Taxes? _____
_____

1.34. You can find the chart of Keyboard Shortcuts by using ___. _____

1.35. To view a list of Recent Transactions, click the ___ icon. _____

CREATE A COMPANY

2

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

2.01. Understand Training Procedures.
2.02. Review information about Dates, Important Notes, Operating Systems and Browsers.
2.03. Review and use Drill and Do buttons.
2.04. Know about the company you are creating.
2.05. Create a company in QuickBooks Online Plus.
2.06. Purge Company Information.
2.07. Make changes to Account and Settings.
2.08. Download Excel files for data import.
2.09. Import Lists from Excel files.
2.10. Understand that you can import a company from QuickBooks Desktop.
2.11. Edit imported Lists: Customers, Vendors, Chart of Accounts, and Products and Services.
2.12. Add and delete accounts.
2.13. Print, export to Excel, and/or use email to submit lists and reports.
2.14. Add your Instructor as your Accountant.

TRAINING TUTORIAL

The following tutorial is a step-by-step guide to setting up the fictitious company Your Name's Beach Barkers that you created when you activated your Educational Version of QuickBooks Online. Company information, accounts, items, customers, vendors, and other details must be provided before transactions may be recorded in QuickBooks Online.

Please note that QuickBooks Online is updated on a regular basis. If your screens are not always an exact match to the text, check with your instructor to see if you should select something that is similar to the text.

TRAINING PROCEDURES

To maximize the training benefits, you should:

1. Read the entire chapter *before* beginning the tutorial within the chapter.
2. Answer the end-of-chapter questions.
3. Be aware that transactions to be entered are given within a **MEMO**.
4. To complete a practice drill, you will open the Test Drive Company, Craig's Design & Landscaping Services.
5. If you have practice drills to perform, they will be marked by the Drill button.
6. Entries to be made for Your Name's Beach Barkers are marked by the Do button.
7. When you have completed a section, put a check mark next to the final step.

8. If you do not complete a section, put the date in the margin next to the last step completed. This will make it easier to know where to begin when training is resumed.
9. You may not finish the entire chapter in one computer session.
10. **Remember no work is saved in the Test Drive Company. If you do not finish the drill section within one work session, you will need to re-enter information into the Test Drive Company.**
11. As you complete your work, proofread carefully and check for accuracy. Double-check amounts of money and the accounts, items, and dates used.
12. Check with your instructor to find out how completed work will be submitted. You may be asked to print or email documents and/or reports to your instructor. Instructions for printing, exporting, and/or emailing are presented within the chapter.
13. Your instructor may wish to access your QuickBooks Online account using QuickBooks Online Accountant and view your work within the program.
14. A checklist is at the end of the chapter. It lists everything that is printed and/or exported to Excel when working through the chapter. There is a blank line next to each document listed so you can mark it when it has been printed and/or completed. The document names shown in the checklist will be a bit different from the name you assign to the document but will be clearly identifiable. For example, you may have the document name of 1-Your First Initial and Last Name Cust List Ch 2 and the checklist will show 1-Cust List Ch 2.

DATES

Except for Chapters 2 and 9, the year used throughout the text is 2019. Dates used in training will be specified when you begin to record transactions. For Chapter 2, beginning balances that are imported into your company will be 12/31/2018. If you are using this text and the current year is 2020, the date for beginning balances will be 12/31/2019.

The reports prepared in Chapter 2 will use the same dates as the beginning balances. On some of the reports, QuickBooks Online inserts the current date as a header or footer. Do not be concerned with this. At a later point in training, you will learn how to change some of these automatic dates. For the dates that cannot be changed, simply leave them as is.

When using the Test Drive Company, you may find dates displayed that are different from those in the text. The Test Drive Company is programmed to automatically change the transaction dates. As a result of this, the dates shown in the text will not match the ones you see on your computer screen.

IMPORTANT NOTE

QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of QuickBooks Online, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen

suddenly does not match the text new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

When using QBO, you may also download and use Apps. Apps are programs that are designed to integrate and work with QuickBooks Online. Some Apps are free while others require a payment. As a result, Apps are not included in the text. Whenever possible, program changes are incorporated into the text; but some changes will not be able to be included until the next edition.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

EDUCATIONAL TRIAL VERSION, TEST DRIVE, DRILL, AND DO BUTTONS

The Educational Trial Version of QuickBooks Online allows you to work with one company only. As a result, when you work through the chapters, you will be directed to use the Test Drive Company, Craig's Design and Landscaping Services, to practice a task. When you work in the Test Drive Company, you cannot save your work, so use of the company is strictly for practice and learning. Sometimes, you will have to make entries into the Test Drive Company before you can practice a task. Instructions will be given when this occurs. After you complete the Drill, you will enter a similar transaction into the company you create in this chapter, Your Name's Beach Barkers. There will be instances in which you will not be able to practice a task before completing it in Your Name's Beach Barkers. Instructions will be given when this happens.

As you work through the chapter, remember the differences between the Drill and Do buttons. The buttons provide visual reminders for drilling and doing.

DRILL BUTTON: When practicing using the Test Drive Company, transactions to be entered will be marked with the DRILL BUTTON.

DO BUTTON: When entering transactions in the company you create, Your Name's Beach Barkers, the transactions will be marked with the DO BUTTON.

OPERATING SYSTEMS AND BROWSERS

All computers use an operating system in conjunction with the software applications. As a cloud-based program, QuickBooks Online Plus may be used on any operating system and may be accessed via any Web browser; however, the preferred browser is Google Chrome. This is used throughout the text.

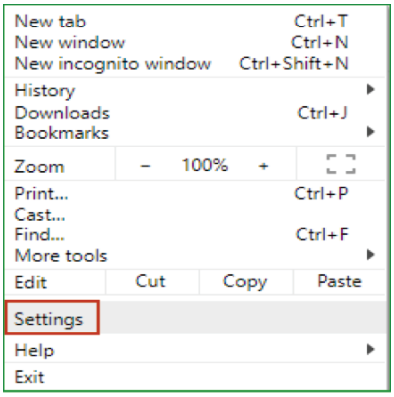
CHANGE GOOGLE CHROME SETTINGS, IF USING—DO

If you are using Google Chrome as your browser, you may have trouble when you want to see a print preview of a document in QuickBooks Online. This is not an issue if you are using Internet Explorer/Edge. In Google Chrome there's a setting that can cause Print Preview to download a PDF file. If the setting is not changed, it will cause Print Preview to appear completely blank, or do nothing at all. To resolve this issue, complete the steps given below.

DO

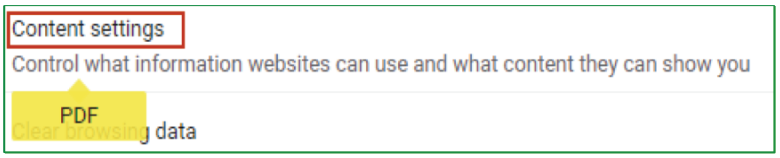
Change Google Chrome Settings

You should be using the latest version of Google Chrome
Open Google Chrome
Click the three vertical dots at the top-right side of Google Chrome
Click **Settings**



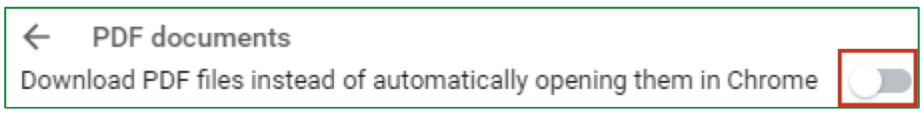
Enter **PDF** in the Search bar

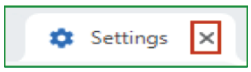
In the search results, click **Content settings**



Scroll down until you find PDF documents

Click **PDF documents**
Click **Download PDF files instead of automatically opening them in Chrome** to turn off



Close the Settings tab by clicking the **x** on the tab 

COMPANY PROFILE: YOUR NAME'S BEACH BARKERS—READ

Your Name's Beach Barkers is a fictitious company that provides boarding in the Dog House, playtime at the Dog Day Camp, grooming in the Dog Salon, and training at the Dog School. Your Name's Beach Barkers is located in Venice, California, and is a sole proprietorship owned by you. You are involved in all aspects of the business.

The company operates using the Accrual-basis of accounting. Accrual-basis accounting matches the income and the expenses of a period in order to arrive at an accurate figure for net income or net loss. Revenue is earned at the time the service is performed or the sale is made no matter when the actual cash is received. An expense is recorded at the time the bill is received or the purchase is made regardless of the actual payment date. The other accounting method available is

Cash-basis accounting, which records income or revenue at the time cash is received no matter when the sale was made or the service performed. In Cash-basis accounting, an expense is not recorded until it is paid.

BEGIN WORKING IN QUICKBOOKS ONLINE—READ

In the tutorial all transactions are listed in memos. Always enter the date of the transaction as specified in the memo. If the transaction does not have a date given, use the memo date for the transaction. By default, QuickBooks Online automatically enters the current date of the computer or the last transaction date used. Remember, use the date given and the current year. In many instances, this will not be the same date as the transaction in the text. When necessary, customer, vendor, account, and products and services names will be given in the transaction. If a memo contains more than one transaction, there will be a visual separation between them.

MEMO
DATE: The transaction date is listed here

Transaction details are given in the body of the memo. Names, the type of transaction, amounts of money, and any other details needed are listed here.

Even when you are given instructions on how to enter a transaction step by step, you should always refer to the memo for transaction details. Once a specific type of transaction has been entered in a step-by-step manner, additional transactions that are similar will be entered without having instructions provided. Of course, you may always refer to instructions given for the previously illustrated transactions for ideas or for the steps used to enter those transactions. Always double-check the date and the year used for the transaction. Using an incorrect date will cause reports to have different totals and contain different transactions than those shown in the text. Remember, use the date given and the current year.

VIEW INFORMATION PROVIDED BY QUICKBOOKS ONLINE—DO

In Chapter 1 when you activated your Educational Version of QuickBooks Online, you created your company, Your Name's Beach Barkers. This was done when you gave QuickBooks Online the company name, how long you had been in business, and what features you wanted to use. At that point, QuickBooks Online created your company, the Chart of Accounts, a list of Products and Services, and Company Settings based on a generic company.

DO

View the Chart of Accounts and the Products and Services List in **Your Name's Beach Barkers**

Click the **Gear** icon on the Top-Navigation bar
In the column for Your Company, click **Chart of Accounts**

- If shown, click the **See your Chart of Accounts** button.

Scroll through the Chart of Accounts and view all the accounts created by QuickBooks Online

- As you will see, some of the accounts are appropriate for your business, others are missing, and many should be deleted.

PURGE COMPANY INFORMATION—DO

Within the first 60 days of activating your QuickBooks Online account, you may purge data and import data using either Excel or QuickBooks Desktop as many times as you wish. If you want to redo any of the setup and/or data import, you will need to repeat the purge process.

If we accept all of the information provided by QBO, there will be a lot of time-consuming editing to perform. Since we are within the first 60 days of our subscription, we can purge the company and then set it up using the Chart of Accounts and the Products and Services Lists that we prefer. This step is not done as a drill because you cannot purge the Test Drive Company.

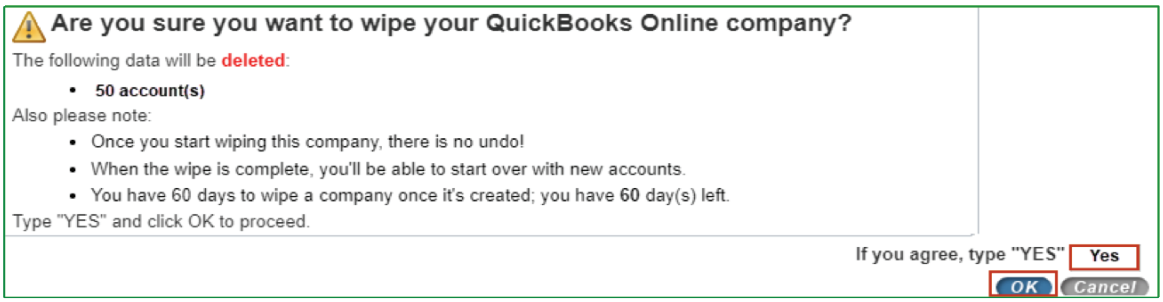
DO

Purge **Your Name's Beach Barkers** by performing the following steps

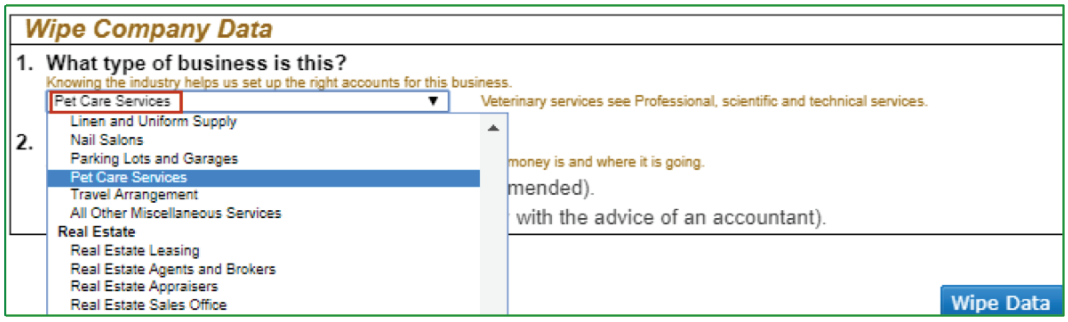
Make sure your QuickBooks Online Plus company, Your Name's Beach Barkers, is open
On the URL of your Web browser enter **https://qbo.intuit.com/app/purgecompany**
Press **Enter**

- If your number of accounts differs from the number shown below, do not be concerned.

Enter the word **YES**; and then, click **OK**


Are you sure you want to wipe your QuickBooks Online company?
The following data will be deleted:
50 account(s)
Also please note:
Once you start wiping this company, there is no undo!
When the wipe is complete, you'll be able to start over with new accounts.
You have 60 days to wipe a company once it's created; you have 60 day(s) left.
Type "YES" and click OK to proceed.
If you agree, type "YES"
Yes
OK
Cancel

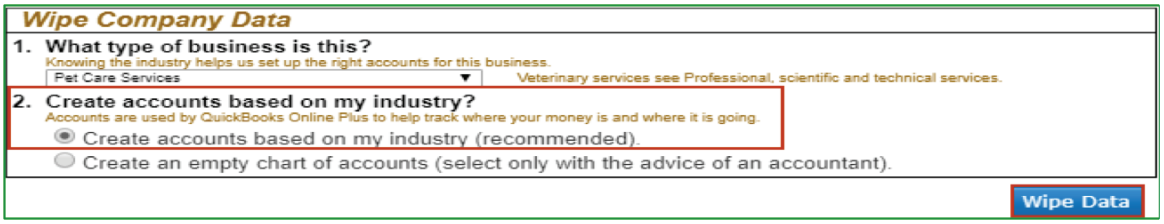
To answer the question: 1. What type of business is this?, click the drop-down list arrow and scroll through the list of businesses until you get to Miscellaneous Services, click **Pet Care Services**


Wipe Company Data
1. What type of business is this?
Knowing the industry helps us set up the right accounts for this business.
Pet Care Services
Veterinary services see Professional, scientific and technical services.
Linen and Uniform Supply
Nail Salons
Parking Lots and Garages
Pet Care Services
Travel Arrangement
All Other Miscellaneous Services
Real Estate
Real Estate Leasing
Real Estate Agents and Brokers
Real Estate Appraisers
Real Estate Sales Office
2.
money is and where it is going.
mended).
with the advice of an accountant).
Wipe Data

To answer the question: 2. Create accounts based on my industry?, make sure that **Create accounts based on my industry (recommended)** is selected

- QuickBooks Online will erase all the accounts in the Chart of Accounts and will replace them with a Chart of Accounts designed for the type of business selected.

Click **Wipe Data**


Wipe Company Data
1. What type of business is this?
Knowing the industry helps us set up the right accounts for this business.
Pet Care Services
Veterinary services see Professional, scientific and technical services.
2. Create accounts based on my industry?
Accounts are used by QuickBooks Online Plus to help track where your money is and where it is going.
Create accounts based on my industry (recommended).
Create an empty chart of accounts (select only with the advice of an accountant).
Wipe Data

VIEW CHART OF ACCOUNTS AND PRODUCTS AND SERVICES LIST—DO

Once the purge has been completed, it is important to see which accounts and products and services have been created by QuickBooks Online.

DO

View the Chart of Accounts and the Products and Services List in **Your Name's Beach Barkers**

Click the **Gear** icon
In the column for Your Company, click **Chart of Accounts**

- After you click **Chart of Accounts** in the Your Company column, you may need to click **See your Chart of Accounts**.

Scroll through the Chart of Accounts and view the accounts created by QBO

Chart of Accounts

< All Lists

Run Report | New

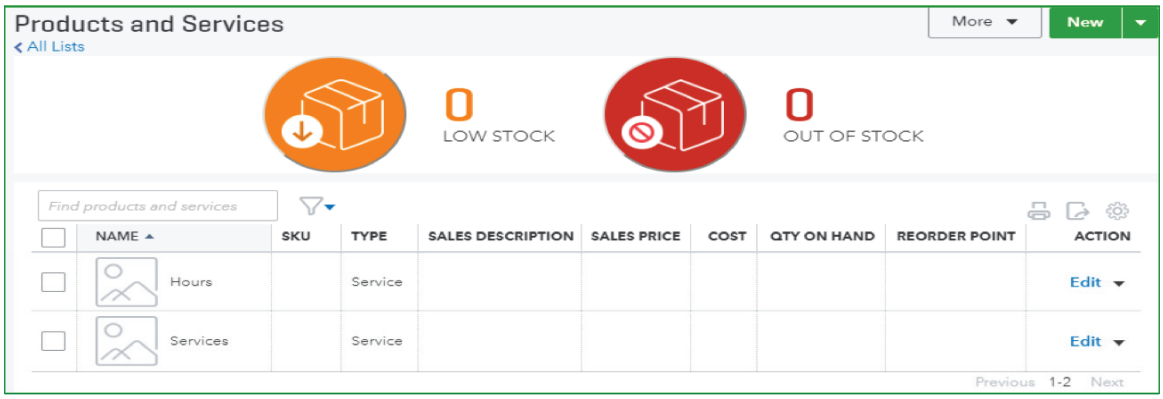
Filter by name

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BA	BANK BALANCE	ACTION
Prepaid Expenses	Other Curre...	Prepaid Exp...	0.00		View register
Uncategorized Asset	Other Curre...	Other Curre...	0.00		View register
Undeposited Funds	Other Curre...	Undeposited...	0.00		View register
Retained Earnings	Equity	Retained Ear...	0.00		Run report
Fees Billed	Income	Service/Fee I...			Run report
Refunds-Allowances	Income	Discounts/R...			Run report
Sales	Income	Sales of Prod...			Run report
Services	Income	Service/Fee I...			Run report
Uncategorized Income	Income	Service/Fee I...			Run report
Advertising	Expenses	Advertising/...			Run report

Partial Chart of Accounts

- You will notice that a lot of accounts that you will use are not included. Accounts such as Checking, Accounts Receivable, Accounts Payable, and many others are missing. Some missing accounts will be added when importing your Chart of Accounts, Customers List, Vendors List, and Products and Services List. Other accounts and opening balances will be added and/or edited later in the chapter.

Click the **Gear** icon
In the column for Lists, click **Products and Services**
View the two items on the list



- This shows you that the previous data was wiped from the company file and that QuickBooks Online added to service items that may be used in your type of business.

To close QuickBooks Online, click the **Gear** icon, then click **Sign out**

ACCOUNT AND SETTINGS—DRILL

Now that you have completed the activation of your subscription, given QuickBooks some basic information about your company, and purged your company file, it is appropriate to edit some of the settings selected by QuickBooks. This is required because not all of the settings will be what you want.

There are four areas in Account and Settings that need to be edited. These are: Company, Sales, Expenses, and Advanced. (You may also see tabs for Billing & Subscription and/or Payments shown. If either tab is shown on your screen, simply disregard it.)

Beginning in this section, you will start to use the Test Drive Company to practice a task prior to entering material in Your Name's Beach Barkers.

DRILL

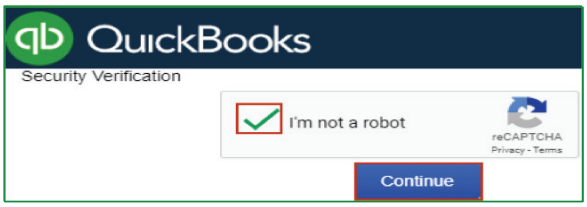
Open the **Test Drive Company** and practice customizing settings

Enter **https://qbo.intuit.com/redir/testdrive** in the URL of your Web browser
Enter whatever is required for Security Verification

- Remember, you may be asked to enter a letters or numbers, or you may be asked to click on categories of pictures. It is even possible that all you will need to do is click the I'm not a robot checkbox. The requirements for security verification will be different each time you access the Test Drive Company. If you make a mistake, you will be given a different Security Verification.

Click the check box for I am not a robot, enter any security verification required, and then click **Continue**

- You may have to answer some questions if you wait too long to click Continue. This is to prove you are an individual.



Click the **Gear** icon at the top of the screen
In the Your Company column, click **Account and Settings**

- The Account and Settings screen will be displayed. Sections shown are Company name, Company type, Contact info, Address, and Communications with Intuit.
- Notice the Pen icon.
  - Anytime you want to edit a setting, you click the Pen icon.

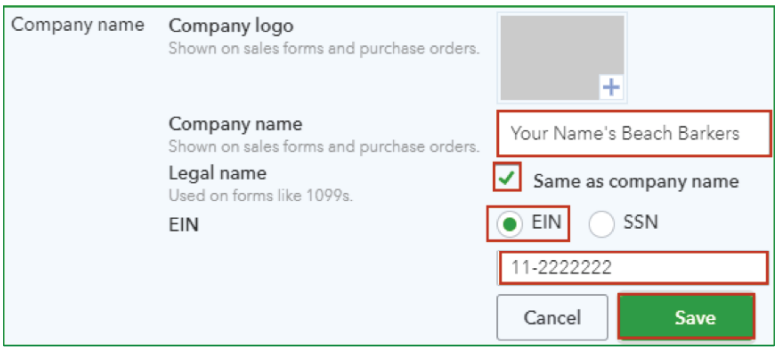
Click the **Pen** icon for Company name

Click in the text box for **Company name**
Backspace until Craig's Design and Landscaping Services is erased
Enter **Your Name's Beach Barkers**

- Use your real name not the words Your Name. For example, Joe Smith's company name would be:

- Verify that the Legal name check box contains a check mark. This indicates that the Company name and the Legal name are the same.

Click the radio button for EIN, click in the text box for **EIN (Employer ID Number)**
Enter **11-2222222**



Click the **Save** button

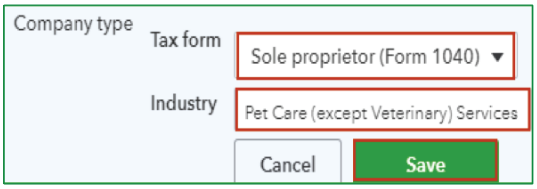
- Your Name's Beach Barkers is shown as the Company name. The EIN (Employer ID) shows 11-2222222.

Click the **Pen** icon for Company type

Click the drop-down list arrow for Tax form, click **Sole proprietor (Form 1040)**

Click in the Industry text box, enter **Pet Care**

You will see a drop-down list of similar industries, click **Pet Care (except Veterinary) Services** to enter as the Industry



Click **Save**

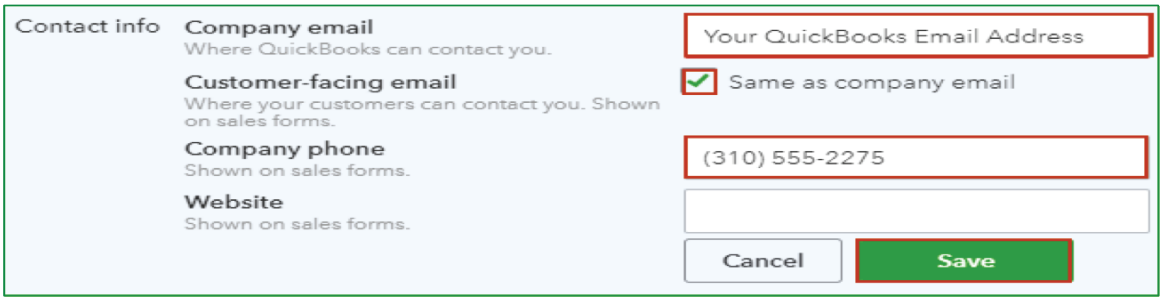
Click the **Pen** icon for Contact info

Click in the text box for Company email: enter **Your QuickBooks Online Email address**

- Make sure Customer-facing email has a check mark.

Click in the text box for Company phone, enter **310-555-2275**

- Since QuickBooks Online does not allow you to enter a fictitious Website, this is left blank.



Click **Save**

Click the **Pen** icon for Address

Enter the Company address:

Company address: **1009 Palms Boulevard**

City: **Venice**

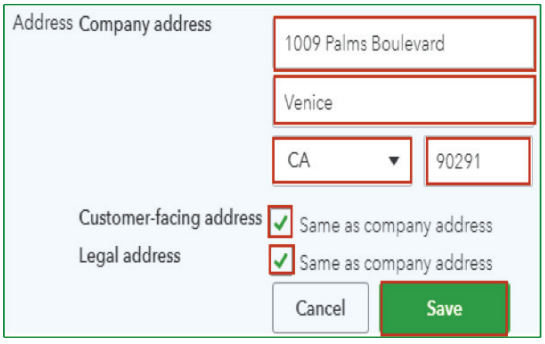
State: **CA**

ZIP: **90291**

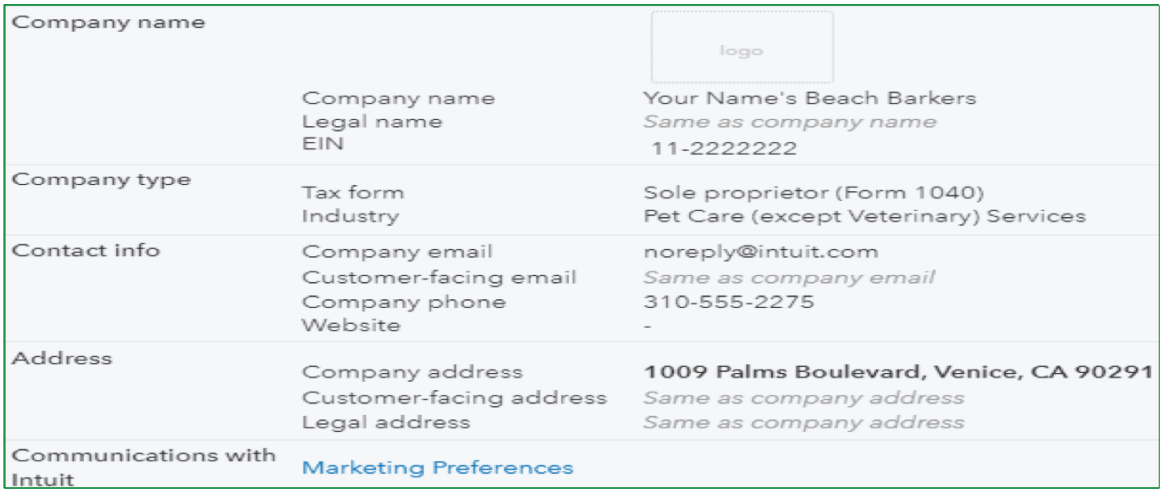
- Customer-facing address and Legal address should have check marks.

Click the **Save** button

View the completed Company information



- Note that the Contact Info for Company email uses an Intuit address. This is used for the Test Drive company and appears in the screenshot rather than the words Your QuickBooks Email Address. QBO will not allow you to use a partial email address.

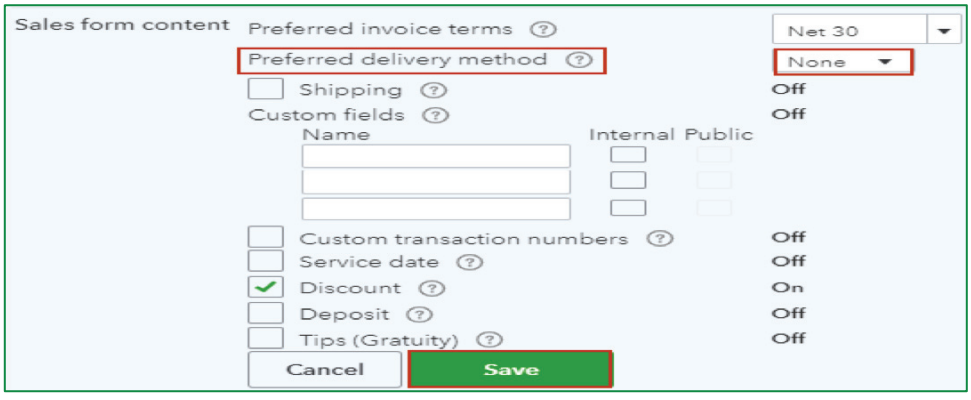


- There are no additional changes that need to be made to the Company settings.

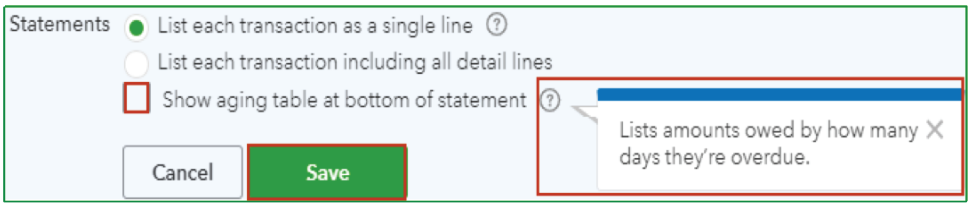
Click the **Sales** tab

- This screen enables you to select settings for sales transactions. Sections include Customize, Sales form content, Products and services, Messages, Reminders, Online delivery, and Statements.

Click the **Pen** icon for Sales form content
Click the drop-down list arrow for preferred delivery method
Click **None**



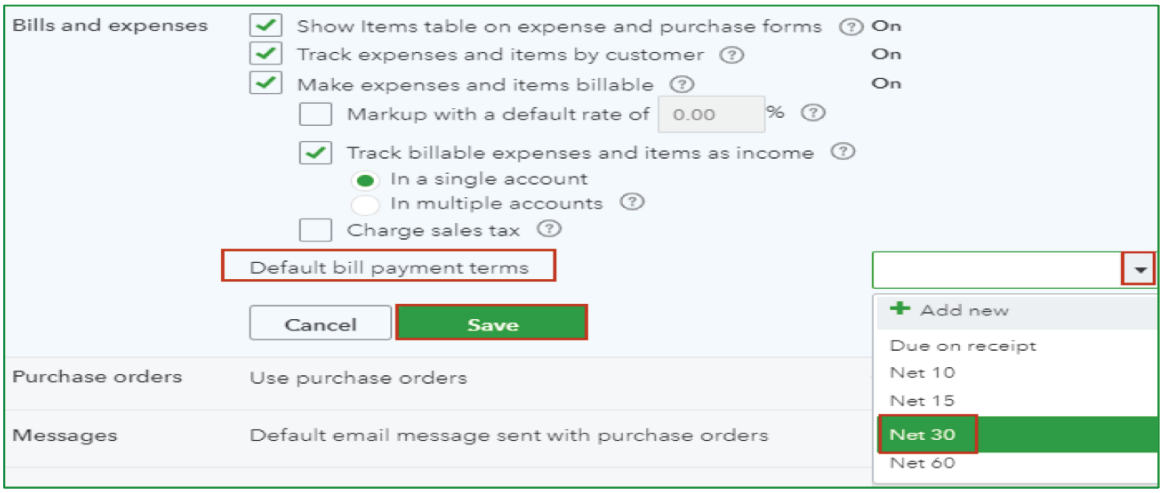
No other changes are required for this section, click **Save**
Click the **Pen** icon for **Statements**
Click the check box for Show aging table at bottom of statement to remove the check mark
Click the **Question mark** symbol for Show aging table at bottom of statement to see the explanation for this setting
Click the **Save** button


Statements
List each transaction as a single line
List each transaction including all detail lines
Show aging table at bottom of statement
Lists amounts owed by how many days they're overdue.
Cancel
Save

Click the **Expenses** tab

- This screen enables you to select settings for expense transactions. Sections include Bills and expenses, Purchase orders, and Messages.

Click the **Pen** icon for Bills and expenses
Click the drop-down list arrow for Default bill payment terms
Click **Net 30**



Click the **Save** button
Click the **Advanced** tab and view the categories

- This screen enables you to select advanced settings. Sections include Accounting, Company type, Chart of accounts, Categories, Automation, Projects, Time tracking, Currency, and Other preferences.

Accounting	First month of fiscal year	January
	First month of income tax year	Same as fiscal year
	Accounting method	Accrual
	Close the books	Off
Company type	Tax form	Sole proprietor (Form 1040)
Chart of accounts	Enable account numbers	Off
	Discount account	Sales Discounts
	Tips account	
	Billable expense income account	Billable Expense Income
Categories	Track classes	Off
	Track locations	Off
Automation	Pre-fill forms with previously entered content	On
	Automatically apply credits	On
	Automatically invoice unbilled activity	Off
	Automatically apply bill payments	On
Projects	Organize all job-related activity in one place	Off
Time tracking	Add Service field to timesheets	Off
	Make Single-Time Activity Billable to Customer	On
Currency	Home Currency	United States Dollar
	Multicurrency	Off
Other preferences	Date format	MM/dd/yyyy
	Number format	123,456.00
	Customer label	Customers
	Warn if duplicate check number is used	On
	Warn if duplicate bill number is used	Off
	Sign me out if inactive for	1 hour

Click the **Done** button for Account and Settings

Click the **Gear** icon

Click **Sign Out**

Click the **Close** button on the QuickBooks tab at the top of your browser to close the Test Drive Company

ACCOUNT AND SETTINGS—DO

Now that the Drill using the Test Drive Company is complete, you will open QuickBooks Online and make the changes shown in the Memo box. Since QuickBooks Online is updated and changed regularly, your screens may differ from the ones shown here. It is important that you verify each of the settings to make sure you have selected and/or deselected the proper ones.

MEMO

DATE: January 1, 2019

Company Settings
- Company name: Employer's ID (EIN): **11-2222222**
- Company type:
  - Tax form: **Sole Proprietor (Form 1040)**
  - Industry: **Pet Care (except Veterinary) Services**
- Contact info:
  - Company email: Verify your Intuit Email ID
  - Company Phone: **310-555-2275**
- Address:
  - Company address: **1009 Palm Drive**
  - City: **Venice**
  - State: **CA**
  - ZIP: **90291**

Sales Settings:
- Sales form content:
  - Preferred invoice terms: **30 days**
  - Discount: **On**
- Show aging table at bottom of statement: **Off**

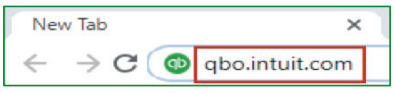
Expenses Settings:
- Bills and expenses:
  - Track expenses and items by customer: **On**
  - Make expenses and items billable: **On**
  - Default bill payment terms: **Net 30**
- Purchase orders: Use purchase orders: **On**

DO

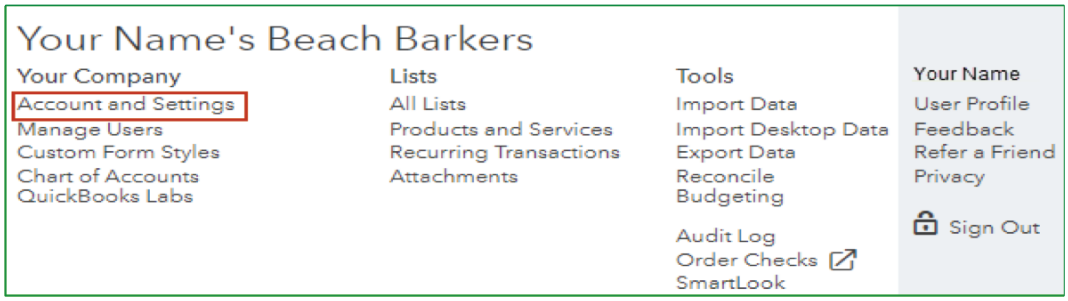
Once you have finished practicing a task in the Drill section, you will open Your Name's Beach Barkers and enter the information in the company.

Open **Your Name's Beach Barkers** and change the Company Settings

Open QuickBooks Online
Type **qbo.intuit.com** in the URL, press **Enter**
Enter your Intuit ID (Email account name)
Enter the Password for your QBO account, and click **Sign In**



Click the **Gear** icon at the top of the screen
In the Your Company column, click **Account and Settings**

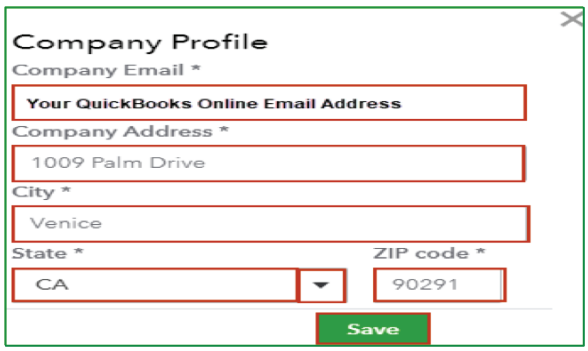


- The six tabs shown at the time of this writing are: Company, Billing & Subscription, Sales, Expenses, Payments, and Advanced. The Test Drive Company did not have tabs for Billing & Subscription or Payments.

If you get a Company Profile screen, complete the following information:

- If you do not get the Company Profile screen, you may enter the information as it appears in the text. Instructions will be given.

Company Email: **Your QuickBooks Online Email Address** should show; if not, enter it
Enter the Company Address: **1009 Palm Drive**
City: **Venice**
State: **CA** (click the drop-down list arrow, then click CA)
Zip Code: **90291**
Click the **Save** button



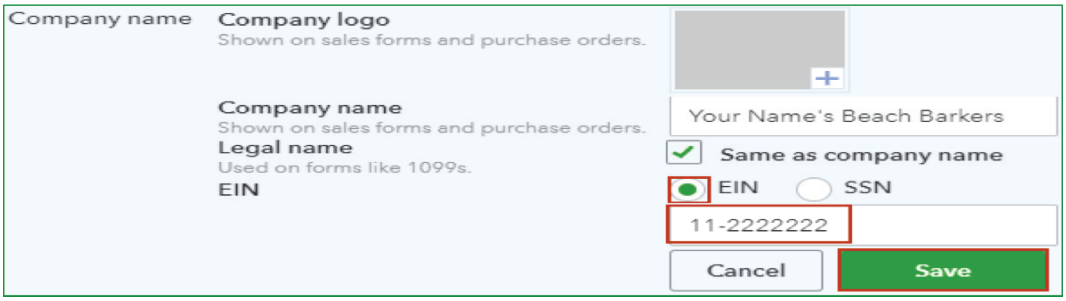
Click the **Company** tab on the left of the screen
Verify the information provided

- Notice that the Employer's ID (EIN) is missing in the Company name section.

Click the **Pen** icon for the Company name section

Click the radio button for **EIN** to select

Click in the text box for EIN (Employer ID Number) enter **11-2222222**, click **Save**



Click the **Pen** icon for Company type

Click the drop-down list arrow for Tax form, click **Sole proprietor (Form 1040)**

Click in the Industry text box, enter **Pet Care**

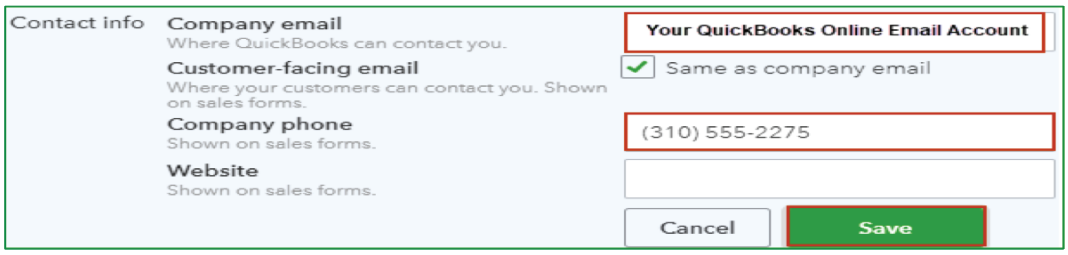
You will see a drop-down list of similar industries, click **Pet Care (except Veterinary) Services** to enter as the Industry

Click **Save**

Click the **Pen** icon for Contact info

Verify your email address

Click in the text box for Company phone, enter **310-555-2275**



Click **Save**

Click the **Pen** icon for Address

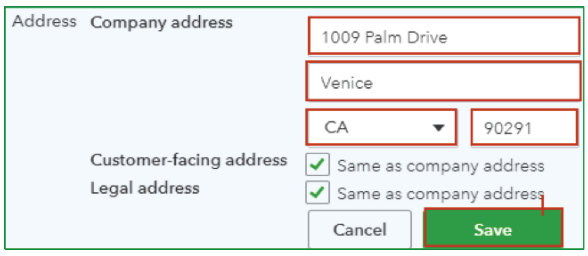
If the company address is not shown, enter it:

Company address: **1009 Palm Drive**

City: **Venice**

State: **CA**

ZIP: **90291**

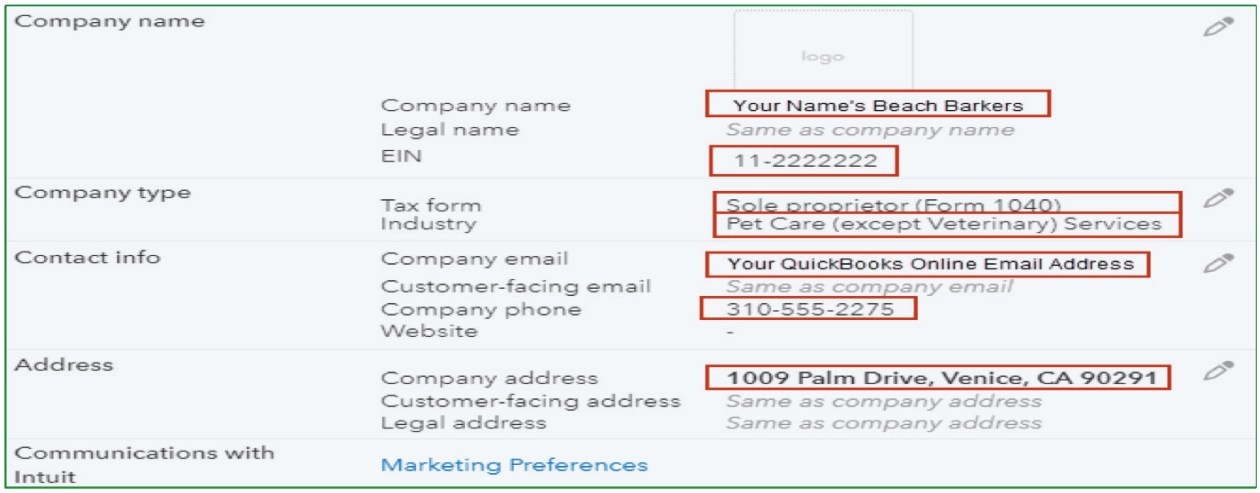


The Customer-facing address and Legal address should both have check marks, if not, click in the boxes for each to mark

Click the **Save** button

View the Company Settings and the changes you made

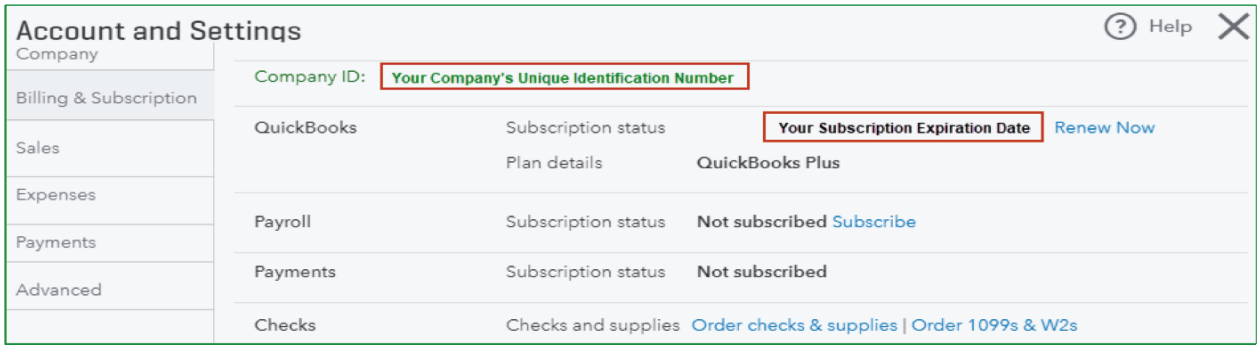
Company Settings



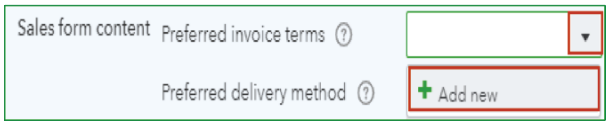
Click the **Billing & Subscriptions** tab
Note the information provided regarding your subscription

- There are five sections shown:
  - Company ID—each company has a unique Company ID (Identification Number).
  - QuickBooks—gives Subscription status and Plan details.
  - Payroll—shows Subscription status.
  - Payments—shows Subscription status.
  - Checks—allows you to order Checks and supplies.

Billing & Subscription Settings

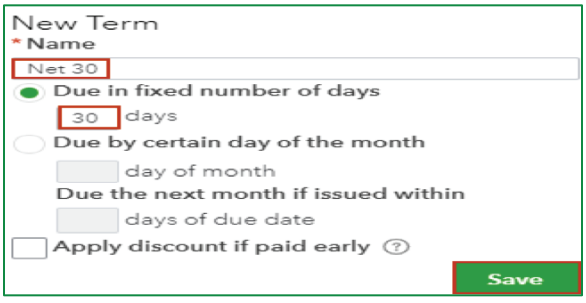


Click the **Sales** tab
Click the **Pen** icon for Sales Form Content
Click the drop-down list arrow for Preferred invoice terms

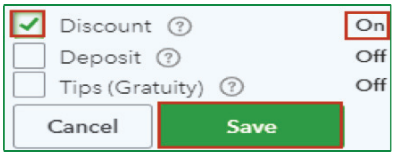


- Unlike the Test Drive company, Your Name's Beach Barkers does not have any terms established because it is a new company.

Click **+ Add New**
For Name, enter **Net 30**
Tab to or click in the text box for days, enter **30**
Click **Save**

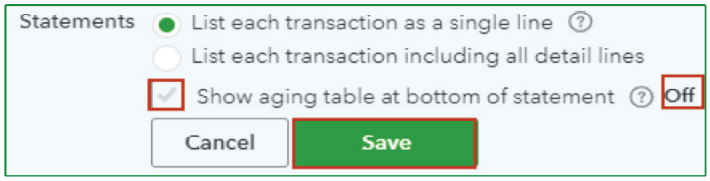


Click the check box for **Discount** to insert a check mark
There are no other changes required for Sales Form Content, click **Save** for that section



- There are sections for Products and services, Progress Invoicing, Messages, Reminders, and Online delivery that will not be changed at this point in the training.

Click the **Pen** icon for Statements
Click the check box for Show aging table at bottom of statement to deselect and turn to **Off.**
Click the **Save** button



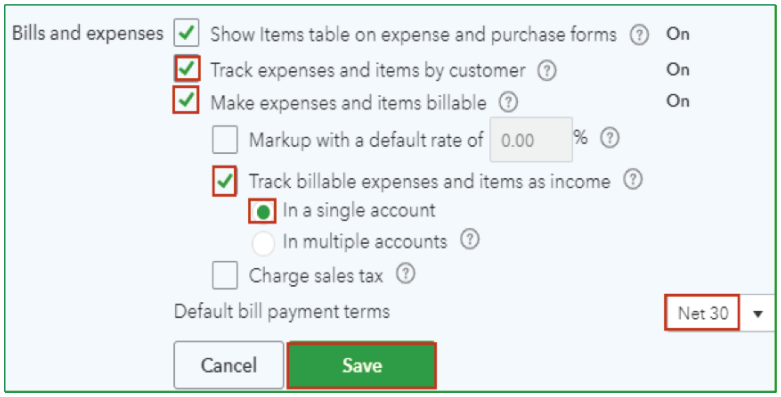
Verify all your Sales Settings

- Note: Make sure Service date shows **Off**.
- If the information does not match the following screen, make any necessary changes.
- At the time of this writing, the Products and services section had an option “Turn on price rules” marked as BETA. This means that this feature is being tested and may or may not become part of QuickBooks Online. This option may or may not show in your Sales Settings.

Sales Settings

Customize	Customize the way forms look to your customers	Customize look and feel
Sales form content	Preferred invoice terms	Net 30
	Preferred delivery method	None
	Shipping	Off
	Custom fields	Off
	Custom transaction numbers	Off
	Service date	Off
	Discount	On
	Deposit	Off
	Tips (Gratuity)	Off
Products and services	Show Product/Service column on sales forms	On
	Show SKU column	Off
	Turn on price rules BETA	Off
	Track quantity and price/rate	On
	Track inventory quantity on hand	On
Progress Invoicing	Create multiple partial invoices from a single estimate	On
Messages	Default email message sent with sales forms	
Reminders	Default email message sent with reminders	
Online delivery	Email options for all sales forms	
Statements	Show aging table at bottom of statement	Off

Click the **Expenses** tab
Click the **Pen** icon for Bills and expenses
Click the check box for Track expenses and items by customer to turn **On**
Click the check box for Make expenses and items billable to turn **On**



- Make sure Track billable expenses and items as income has a check mark and that *In a single account* is selected.

Click the drop-down list arrow for Default bill payment terms
Click **Net 30**

- Since you added the terms of Net 30 when completing the Sales Settings, you do not have to add the terms again. Once created, the Terms of Net 30 will always be available for use in the company.

Click **Save**
Click the **Pen** icon for Purchase orders
Click the check box for Use purchase orders to turn **On**
Click the **Save** button
Verify all of your Expenses Settings

- If the information does not match the following screen, make any necessary changes.

Expenses Settings:

Bills and expenses	Show Items table on expense and purchase forms	On
	Track expenses and items by customer	On
	Make expenses and items billable	On
	Default bill payment terms	Net 30
Purchase orders	Use purchase orders	On
Messages	Default email message sent with purchase orders	

Click the **Payments** tab

- There are no changes to be made.

Payments Settings

QuickBooks Payments	Get paid more ways, fast! • Take credit cards or bank transfers • Accept payments through Quickbooks, emailed invoices, and mobile • QuickBooks automatically updates when you're paid	Learn more
Existing account	If you already have a Payments account with Intuit (you may know it as GoPayment or Merchant Services), connect it to your QuickBooks.	Connect

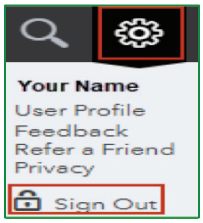
Click the **Advanced** tab
Verify all your Advanced Settings
Click the Pen icon for Other Preferences, click the drop-down list arrow for **Sign me out if inactive for**, click **3 hours**, click **Save**

- If you are working in QuickBooks Online and are inactive for one hour, the program will close. By changing the time to 3 hours, you can be inactive for three hours before the program closes.
- If the information does not match the following screen, make any necessary changes.
- If the section for Categories is not shown, do not be concerned.

Advanced Settings:

Accounting	First month of fiscal year	January
	First month of income tax year	Same as fiscal year
	Accounting method	Accrual
	Close the books	Off
Company type	Tax form	Sole proprietor (Form 1040)
Chart of accounts	Enable account numbers	Off
	Discount account	Discounts given
	Tips account	
	Billable expense income account	Billable Expense Income
Categories	Track classes	Off
	Track locations	Off
Automation	Pre-fill forms with previously entered content	On
	Automatically apply credits	On
	Automatically invoice unbilled activity	Off
	Automatically apply bill payments	On
Projects	Organize all job-related activity in one place	Off
Time tracking	Add Service field to timesheets	Off
	Make Single-Time Activity Billable to Customer	On
Currency	Home Currency	United States Dollar
	Multicurrency	Off
Other preferences	Date format	MM/dd/yyyy
	Number format	123,456.00
	Customer label	Customers
	Warn if duplicate check number is used	On
	Warn if duplicate bill number is used	Off
	Sign me out if inactive for	3 hours

Click the **Done** button at the bottom of the screen
Click the **Gear** icon
In the Profile column, click **Sign Out** to close and exit Your Name's Beach Barkers and QuickBooks Online



DOWNLOAD EXCEL FILES FOR DATA IMPORT—DO

When you create a company, you may enter data manually or you may import it. When importing data, QuickBooks Online will add information contained in an Excel spreadsheet that is properly formatted for import. It will also allow data to be imported from a QuickBooks Desktop company file. (See Appendix A for information regarding importing a QuickBooks Desktop company file.)

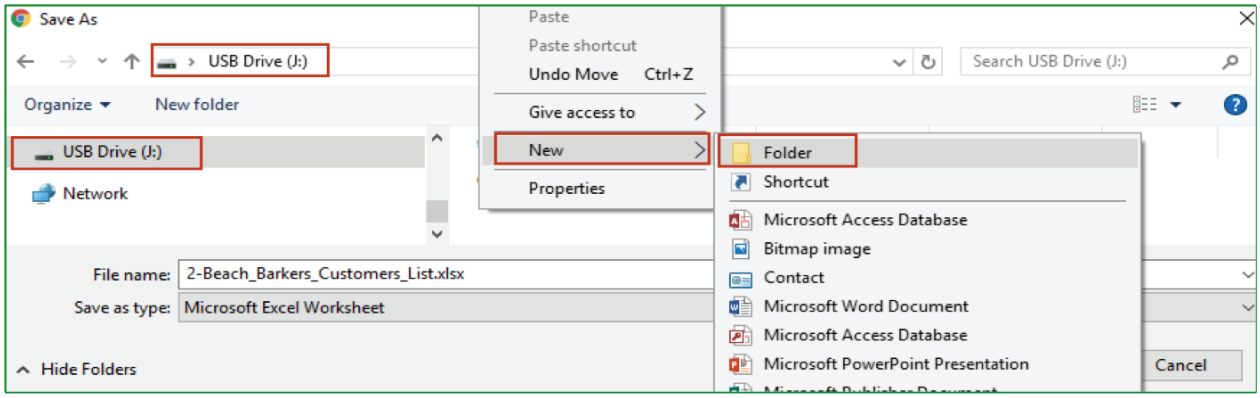
The Excel files that you will use in this chapter to import Customers, Vendors, Chart of Accounts, and Products and Services when creating Your Name's Beach Barkers are available on the Pearson Web site **http://www.pearsonhighered.com/horne/**. There are also sections containing company logo files (imported in Chapter 6) and a QuickBooks Desktop company file (used in Appendix A).

DO

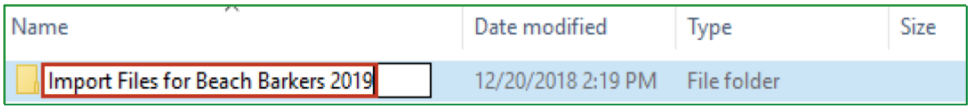
Download Excel Import files

Insert your USB drive into your computer or ask your professor for specific directions to be used at your school
Click your **USB** drive location (J: in this example)

To create a folder for your import files, right-click in the area for No items match your search or the area containing file names (if you sent the file from your Downloads folder, right-click the area containing 2-Beach Barkers Customers List)
Point to **New** on the pop-up menu, click **Folder**

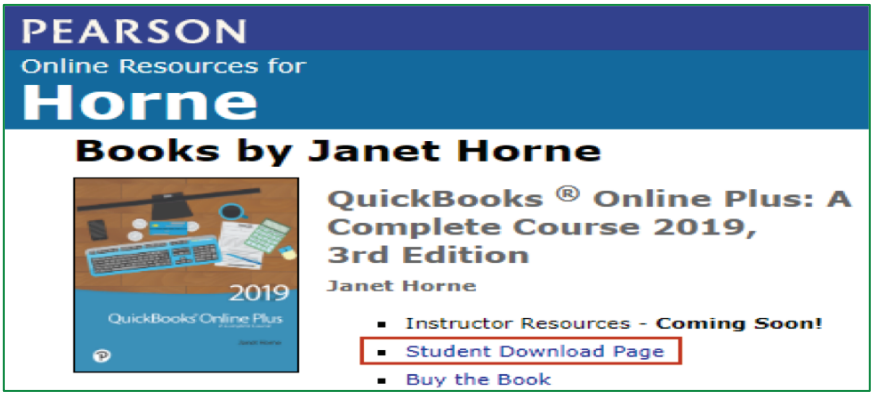


Enter the folder name **Import Files for Beach Barkers 2019**



Click outside the folder to finish naming it
Double-click the Import Files for Beach Barkers 2019 folder to open
Open your Web browser
Enter the address **http://www.pearsonhighered.com/horne/**

- Sometimes it is difficult to read "horne." Remember the name is H O R N E.
- When completing the following steps, be sure to use the material posted for the QuickBooks Online Plus 2019 text.
- Check with your instructor to determine if you will use a different procedure.
- **IMPORTANT**: Depending on your operating system and the Web browser you use, your screens may be different from the examples shown. If so, complete the download using the prompts from your program. Ask your instructor for assistance if necessary. Google Chrome is used for the file download in the following.



Click **Student Download Page**

- You will see a section for Excel Import Files.

Click **2-Beach Barkers Customers List**

Student Resources
Horne, QuickBooks Online Plus:
A Complete Course 2019, 3rd Edition
Excel Import Files
2-Beach Barkers Customers List .xlsx
2-Beach Barkers Vendors List .xlsx
Beach Barkers Charts of Accounts .xlsx
Beach Barkers Customers List .xlsx
Beach Barkers Products and Services List .xlsx
Beach Barkers Vendors List .xlsx

- Depending on the setup of your computer, you may get a variety of different screens. Two methods are discussed in the following material. If your screens or procedures do not match what is shown in the text, obtain the appropriate instructions from your professor.

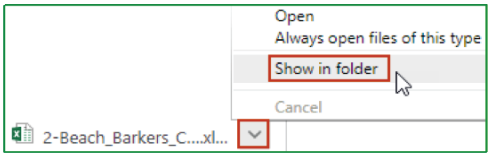
If you are using Google Chrome, you may get either a tab at the bottom of your screen with **2-Beach_Barkers_C…** (Method 1) or a **Save As** screen (Method 2)

Method 1:

Click the file **2-Beach_Barkers_Customers_List**

Click the drop-down list arrow on the tab that appears at the bottom of your screen

Click **Show in folder**



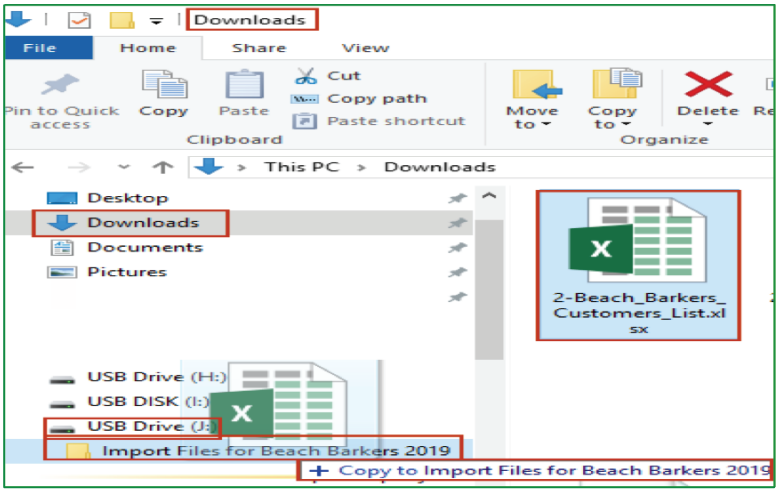
- This will take you to your Downloads folder.

Click the file named **2-Beach_Barkers_Customers_List**

Hold down the right-mouse button and drag to your USB drive (J:) **Import Files for Beach Barkers 2019** folder

When the folder is highlighted, and you get a Copy to message, release the right mouse button

- **2-Beach_Barkers_Customers_List** will show in your **Import Files for Beach Barkers 2019** folder.



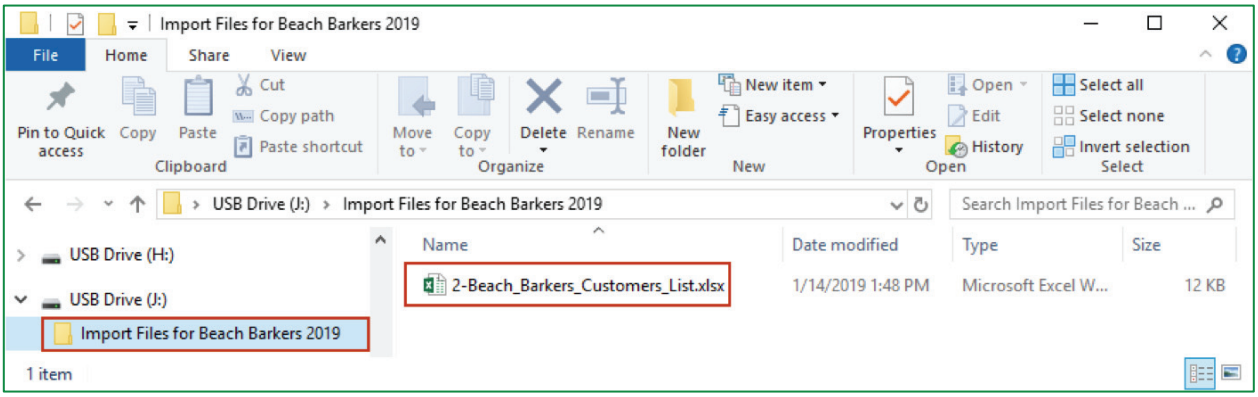
Method 2:

Click **2-Beach_Barkers_Customers_List**
You should get a **Save As** screen

- You should see that you are saving to your USB drive (J:), and in the folder **Import Files for Beach Barkers 2019**.

Since the file name was already entered, click the **Save** button

- The file will be saved in the Import Files for Beach Barkers 2019 folder.



Google will show the document name on a tab at the bottom of Chrome
Since you have already saved the file, you may disregard the tab for the file name at the bottom of the screen

Methods 1 and 2: Repeat the procedures to download and save each of the files listed in the Excel download section into your Import Files for Beach Barkers 2019 folder on your USB drive

IMPORT COMPANY DATA—READ

In addition to the accounts and lists QuickBooks Online creates for you automatically, there are two ways to set up the important lists and data for your QuickBooks Online company. You may import data from lists in Excel or you may import a copy of a company file directly from QuickBooks Desktop. Information for importing a company from QuickBooks Desktop will be given in Appendix A. This chapter will focus on importing Excel spreadsheets that contain data for Your Name's Beach Barkers.

IMPORT, EDIT, AND PRINT/EXPORT THE CUSTOMERS LIST—DRILL

When you import customer data, you will be able to add your customers and some of their account information. Not everything you want in your customers' accounts can be imported. Once you import your Customers List from Excel, you will need to edit your customer accounts and add any missing information.

DRILL

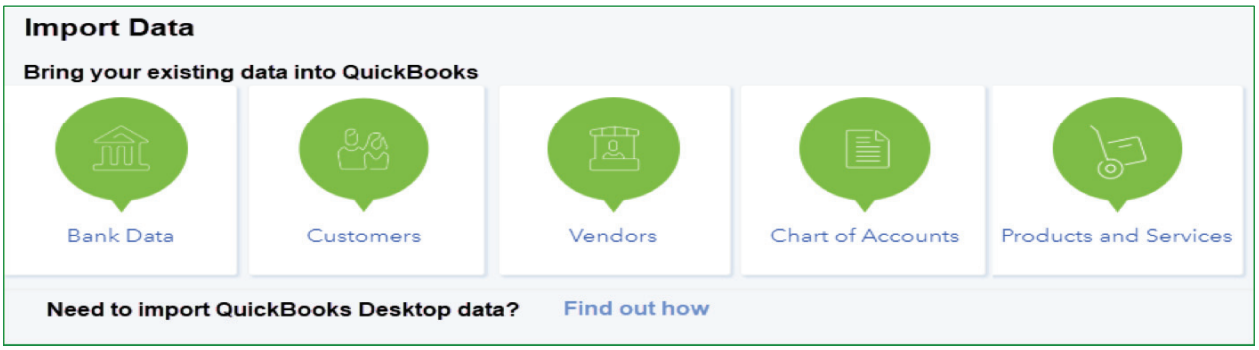
Open the **Test Drive Company** and practice importing lists from Excel

Enter **qbo.intuit.com/redir/testdrive** in your Browser's URL
Enter the Security Verification numbers shown on the screen

Click **Continue**

Now that the Test Drive Company is open, click the **Gear** icon, click **Import Data** in the Tools column

- You will see a list of the data that may be imported: Bank Data, Customers, Vendors, Chart of Accounts, and Products and Services. The lists will be imported in the order that they are shown on this screen.



Bank Data

The first list to import is the Bank Data List. This list imports bank account information directly from your bank. To be able to import bank data, you would need to sign in to your company's bank account; and, then, download transactions in CSV, QFX, QBO, or OFX formats. Since Craig's Design and Landscape Services is not a real company, this import cannot be completed.

Import Customers List

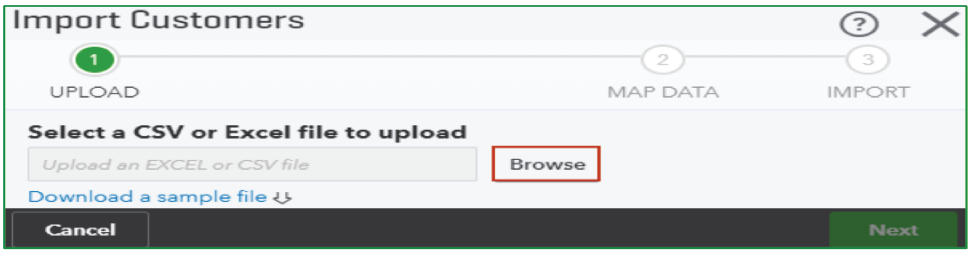
The Customers List can and will be imported. It contains all the information regarding your customers and their accounts.

Use the **Test Drive Company** and import the Customers List you downloaded

Click **Customers**

- There are three steps to import a file: Upload, Map Data, and Import. These steps are illustrated as you complete the Customers Import.

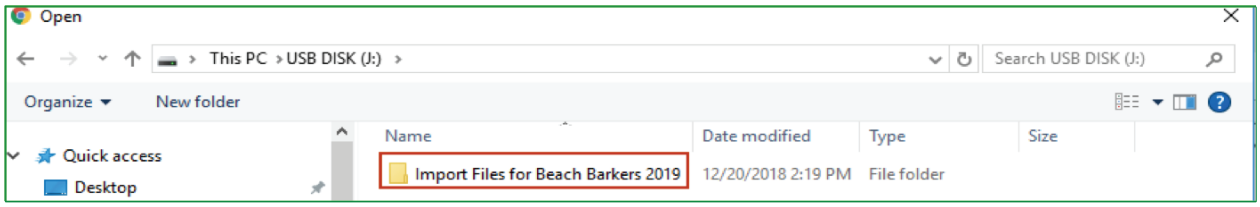
Click the **Browse** button for Select a CSV or Excel file to upload



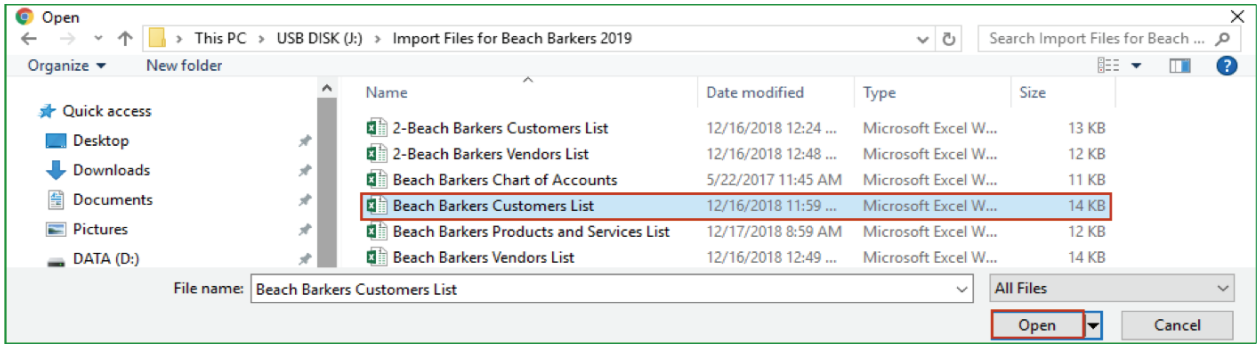
Click the location of your USB drive

- In this example, the location is (J:).

Double-click the folder **Import Files for Beach Barkers 2019**

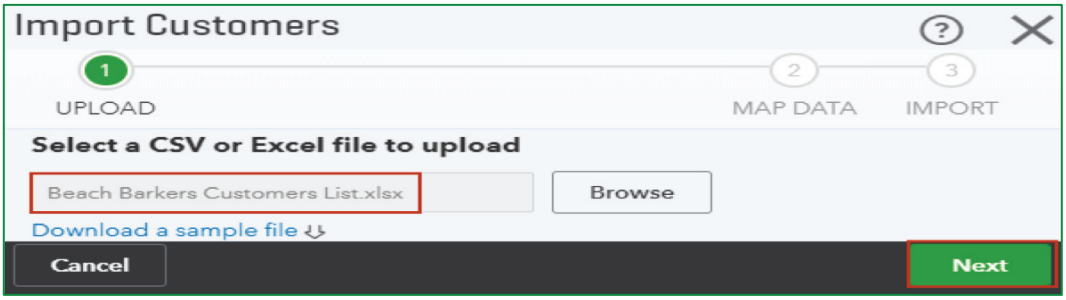


Click the file **Beach Barkers Customers List**


Open
This PC › USB DISK (J:) › Import Files for Beach Barkers 2019
Search Import Files for Beach ...
Organize
New folder
Quick access
Desktop
Downloads
Documents
Pictures
DATA (D:)
Name
Date modified
Type
Size
2-Beach Barkers Customers List 12/16/2018 12:24 ... Microsoft Excel W... 13 KB
2-Beach Barkers Vendors List 12/16/2018 12:48 ... Microsoft Excel W... 12 KB
Beach Barkers Chart of Accounts 5/22/2017 11:45 AM Microsoft Excel W... 11 KB
Beach Barkers Customers List 12/16/2018 11:59 ... Microsoft Excel W... 14 KB
Beach Barkers Products and Services List 12/17/2018 8:59 AM Microsoft Excel W... 12 KB
Beach Barkers Vendors List 12/16/2018 12:49 ... Microsoft Excel W... 14 KB
File name: Beach Barkers Customers List
All Files
Open
Cancel

- Do not select 2-Beach Barkers Customers List. It is imported in the Additional Transactions near the end of the chapter.

Click the **Open** button
The file name will be inserted into the text box



- If you need to select a different file, simply click the Browse button; then click the correct file.

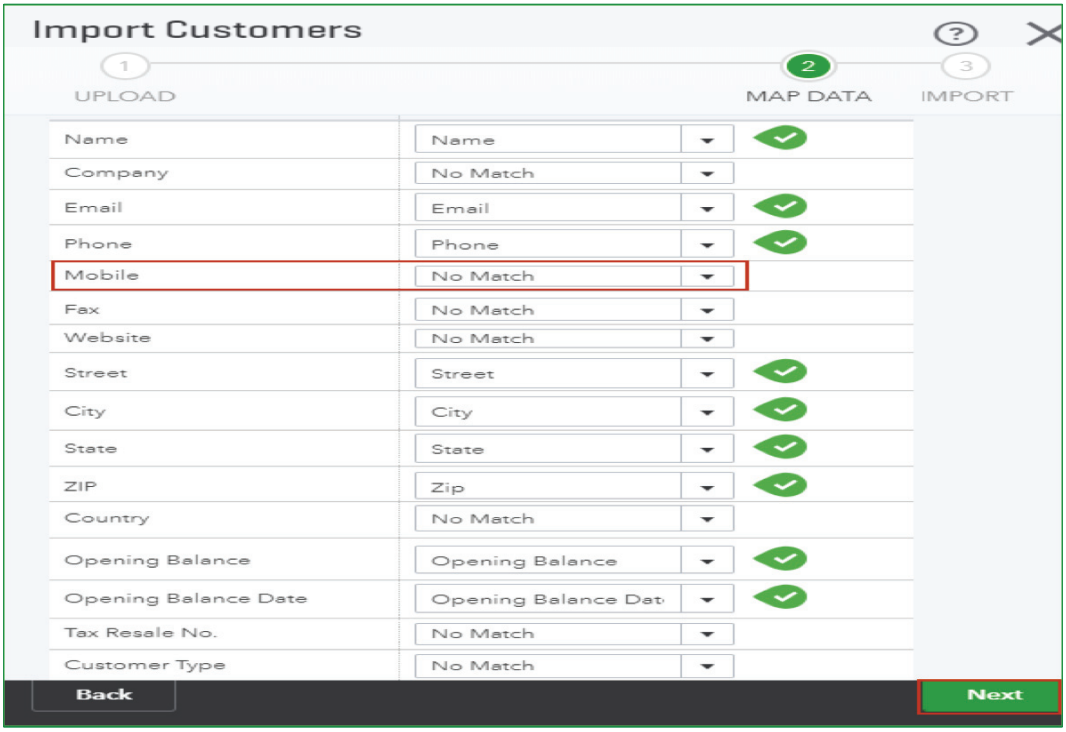
Once you have entered the name of the correct file, click the **Next** button at the bottom of the screen
This screen shows the MAP DATA information

- Map Data is used to match the data in the Excel file to the appropriate fields of information in QuickBooks Online.
- A field contains information for a specific category. For example, the Name field will contain the names of your customers.

Scroll through the list of fields and view the QuickBooks Online Field names and Your Field names

- If there is no Excel field available in QuickBooks Online, you will see No Match.
- For example, to import a customer's Mobile number, click the drop-down list arrow for No Match next to the QuickBooks Online Field name of Mobile, scroll through the list; and then, if available, click the field name for the customer's mobile phone number in the Excel file.

- There are no fields available in your import file for the customer's mobile phone number, so leave as No Match.



- If there are errors and you cannot link the data, your information will be shown in red.

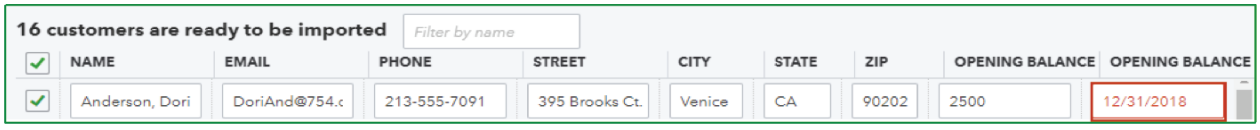
Since there are no errors, click the **Next** button

The records of each customer in the Customers List are shown

- A record contains all of the information for one customer.

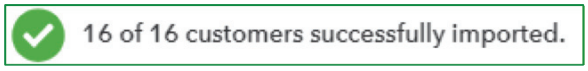
If there are errors, your information will be shown in red and must be changed to import

- As an example, if the Opening Balance Date for Dori Anderson had been entered as 12/31/2018, it would be shown in red. (See below) This is because QuickBooks Online requires that the date be entered as Year, Month, Day.
- Your screen should be shown with the date as 2018/12/31 and will not be in red.



Since all records are correct, click the **Import** button

- You will get a message telling you how many customers were imported.

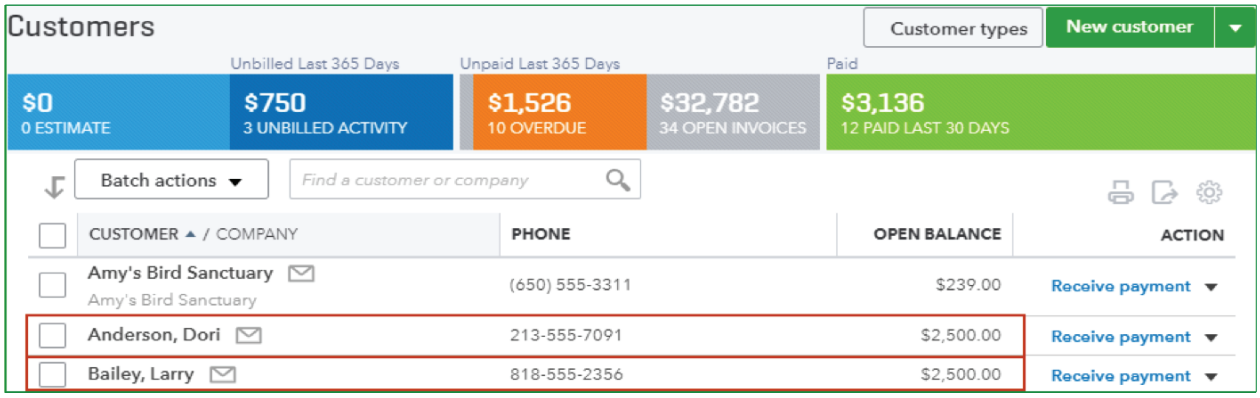


Click **Sales** or **Invoices** on the Left-Navigation bar

- From this point forward, the Left-Navigation bar will be referred to as the Navigation bar.

Scroll through the Customers List

- Did you notice the customers you imported? Dori Anderson and Larry Bailey were two of the customers imported and are shown below Amy's Bird Sanctuary, an original customer.
- Notice that the Name, Phone, and Open Balance fields have information for all the customers, including the new ones.
- The original customers for Craig's Design and Landscaping Services are shown first name then last name, a company that is a customer has the company name shown below the first and last names. The customer names you imported are shown last name, first name. This is done in order to sort the customers alphabetically by last name when you are using Your Name's Beach Barkers.
- You may notice that the Test Drive Company shows the Phone number with parentheses around the area code while the imported customers are shown with a hyphen between the area code and telephone number. Do not be concerned about the differences.



Partial List

Edit Customers List

Because there is information for customers that is not imported, all your customers will need to be edited. The information entered will be used when you record transactions for the customers.

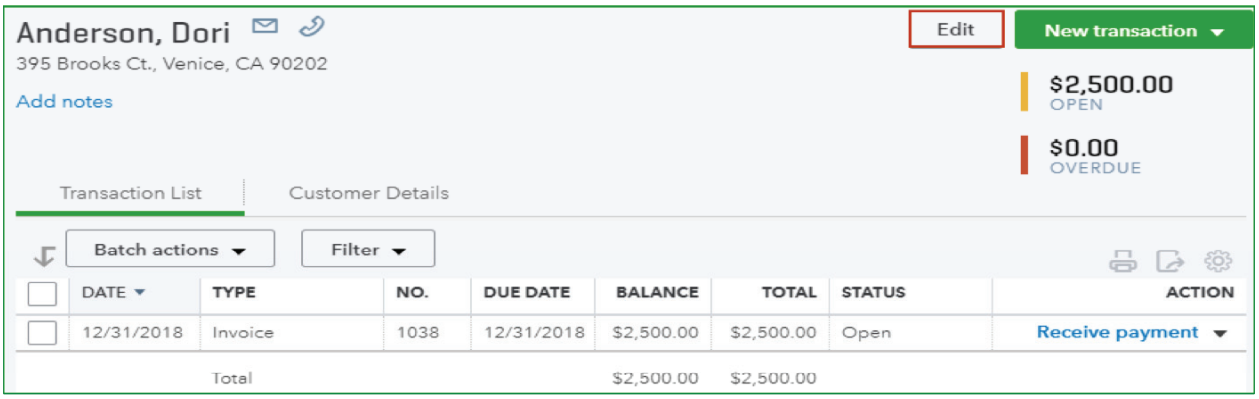
Continue to use the **Test Drive Company** and edit the Customers List that you imported

Point to **Anderson, Dori**

When you see the name underlined, click the left-mouse button

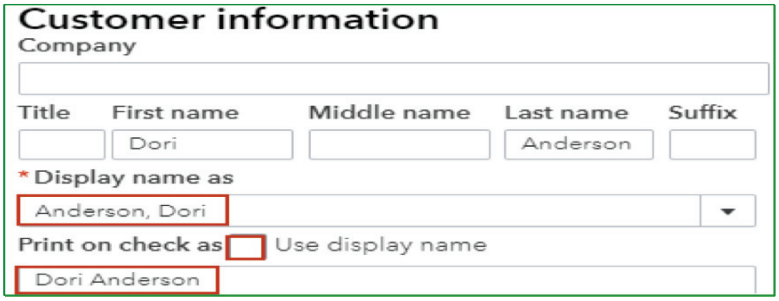
- Dori's account information will be shown.
- Not all information that you want to include for a customer is able to be imported. So, imported customers need to be edited.
- These selections will be used when you record transactions for the customers.
- Depending on the date when you import the Customers List, the status may say Overdue rather than Open.

Click the **Edit** button

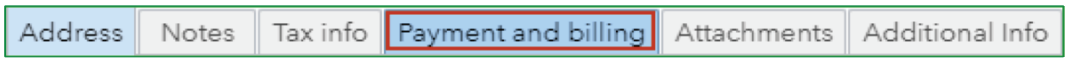


- When working in QBO, you want your customer names displayed last name first. This will provide an alphabetical listing of customers by their last name. However, when you print checks, you need to print the first name followed by the last name.
- Display name as should show Anderson, Dori. If not, click the drop-down list arrow for Display name as and select Anderson, Dori.

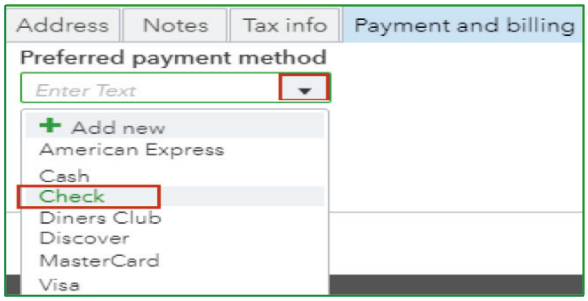
For *Print on check as*, click the check box to remove the check mark for Use display name In the text box below, key in **Dori Anderson**



Click the **Payment and billing** tab in Dori's account



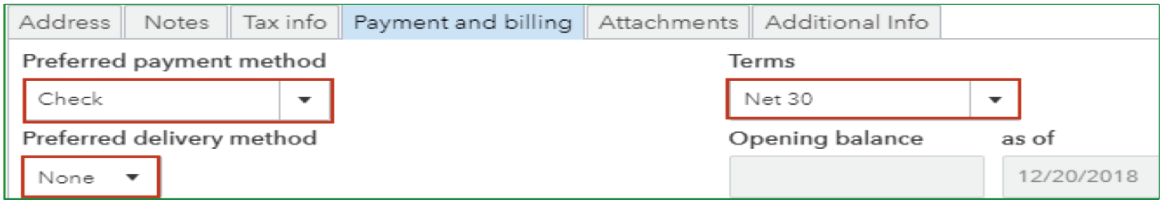
Click the drop-down list arrow for Preferred payment method, then click **Check**



Click the drop-down list arrow for Terms, click **Net 30**
Click the drop-down list arrow for Preferred delivery method, click **None**

- The Opening balance was entered when you imported the Customers List so nothing needs to be entered for this. Your as of date shows the date of the import not the date of the Opening balance. Do not be concerned about this.

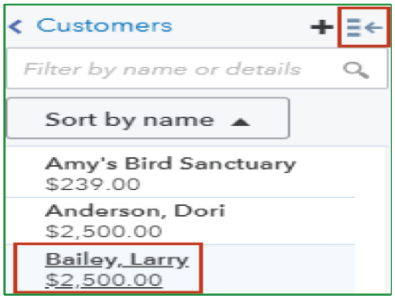
View the changes



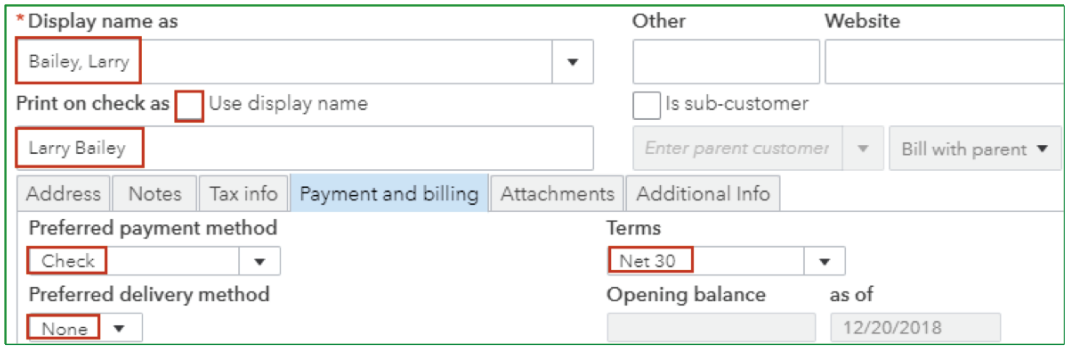
Click the **Save** button
To display the entire Customers List, click the next to Dori Anderson

- Notice that the customer's name and amount owed are shown in the listing of customers.

Click **Bailey, Larry**



Use the steps presented for Dori Anderson and change Larry's account to include:
Remove check mark from Print on check as
Enter **Larry Bailey** in the text box below Print on check as
Preferred payment method: **Check**
Terms: **Net 30**
Preferred delivery method: **None**



Click **Save**

Print and/or Export Customers List

The Customers List may be printed and/or exported to Excel.

Continue to use the **Test Drive Company** and complete the steps listed below to print or export the Customers List

Click **Customers** on the top of the page or in the list of subsections for Sales or Invoices
To print a copy of the Customers List, click the **Printer** icon

- You will see a copy of your Customers List.

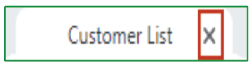
Partial List

Verify the information for printing

- Your printer and other details may not match the screenshot shown above. If necessary, check with your instructor about appropriate print settings.

Since printing is not required for the drill, click **Cancel**

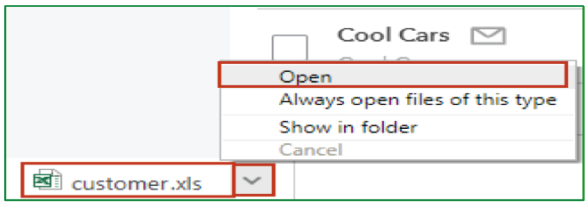
- If the Customer List is displayed on a separate tab, click the **Close** button on the Customer List tab.



To export the list to Excel, click the **Export to Excel** icon

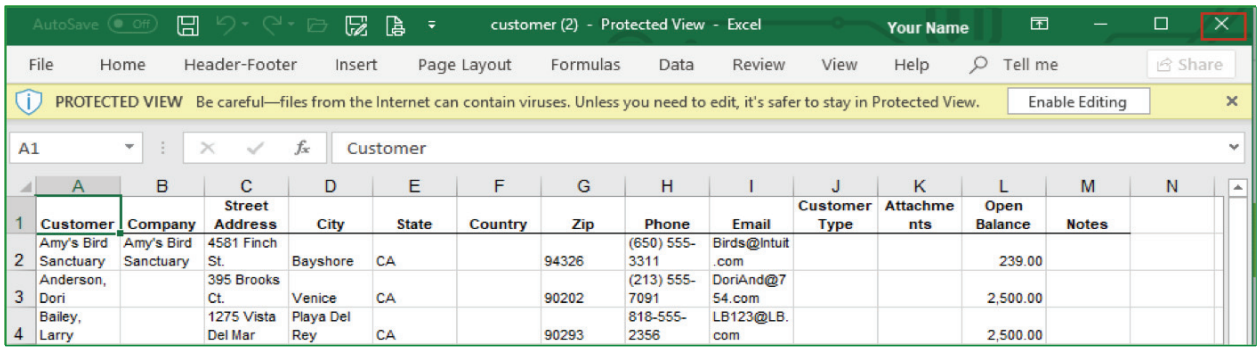
- Note: If you are not using Google Chrome as your Web browser, your screens may be different from the ones shown in the text.

Click the arrow next to **customer.xls** tab and **Open** at the bottom of your screen



You will see the Customers List in Excel

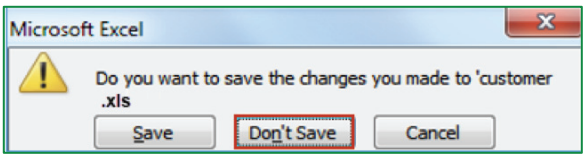
- The spreadsheet may or may not open in Protected View.
- Disregard the name on the title bar. The screenshot shows customer (2). Your document may have a different number.
- You may find your data bunched in multiple lines. That is fine.


customer (2) - Protected View - Excel
Your Name
File Home Header-Footer Insert Page Layout Formulas Data Review View Help Tell me Share
PROTECTED VIEW Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View. Enable Editing
A1
Customer

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Customer	Company	Street Address	City	State	Country	Zip	Phone	Email	Customer Type	Attachments	Open Balance	Notes	
2	Amy's Bird Sanctuary	Amy's Bird Sanctuary	4581 Finch St.	Bayshore	CA		94326	(650) 555-3311	Birds@Intuit.com			239.00		
3	Anderson, Dori		395 Brooks Ct.	Venice	CA		90202	(213) 555-7091	DoriAnd@754.com			2,500.00		
4	Bailey, Larry		1275 Vista Del Mar	Playa Del Rey	CA		90293	818-555-2356	LB123@LB.com			2,500.00		

Partial List

Click the top **Close** button to close Excel without saving the spreadsheet
If you get a message regarding saving, click **Don't Save**



Return to the Test Drive Company, close, and exit the program: click the **Gear** icon, then click **Sign Out**

- Once you close the Test Drive Company, all of the customers you imported will be erased from Craig's Design and Landscaping Services.

IMPORT, EDIT, AND PRINT/EXPORT/EMAIL THE CUSTOMERS LIST—DO

Now that you have practiced importing and editing your Customers List, you will import it into Your Name's Beach Barkers. Once you have successfully imported your list, you will edit all of your customers to include missing information. Finally, you will review printing, exporting, and emailing your Customers List. The Customers List remains as part of the company file and does not disappear when you close and exit Your Name's Beach Barkers.

MEMO
DATE: January 1, 2019

Import the Customers List
Edit all customers to include:
Print on Check: remove check mark for Use display name and enter the customer's first name and last name in the textbox
Click **Payment and Billing** tab:
Preferred payment method: **Check**
Terms: **Net 30**
Preferred delivery method: **None**

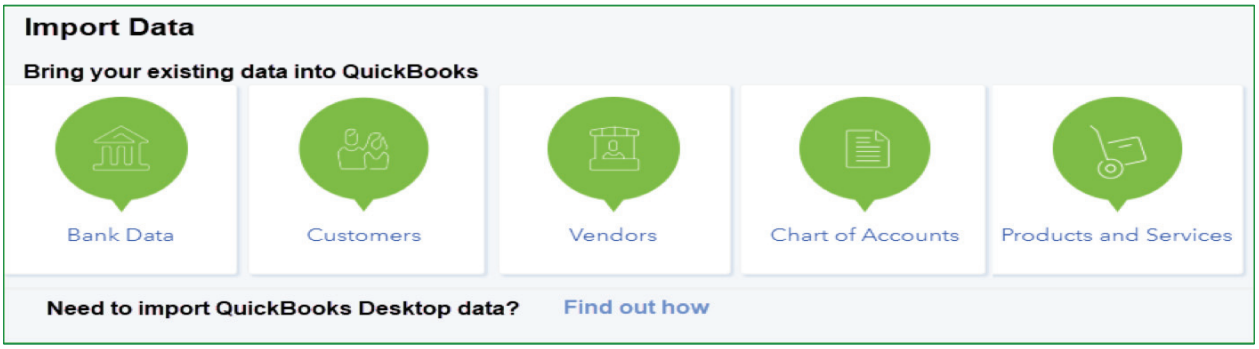
DO

Open **Your Name's Beach Barkers** and import lists from Excel

Enter **qbo.intuit.com** in your Browser's URL, press **Enter**

Sign in by entering your **User ID** and **Password** in the appropriate text boxes
Click **Sign in**
Now that Your Name's Beach Barkers is open, click the **Gear** icon, click **Import Data** in the Tools column

- You will see a list of the data that may be imported: Bank Data, Customers, Vendors, Chart of Accounts, and Products and Services. The lists will be imported in the order that they are shown on this screen.



Bank Data

The first list to import is the Bank Data List. This list imports bank account information directly from your bank. As you learned in the drill, to be able to import bank data, you would need to sign in to your company's bank account; and, then, download transactions in CSV, QFX, QBO, or OFX formats. Since Your Name's Beach Barkers is not a real company, this import cannot be completed.

Import Customers List

The Customers List can and will be imported. It contains all the information regarding your customers and their accounts.

Use **Your Name's Beach Barkers** and import the Customers List you downloaded

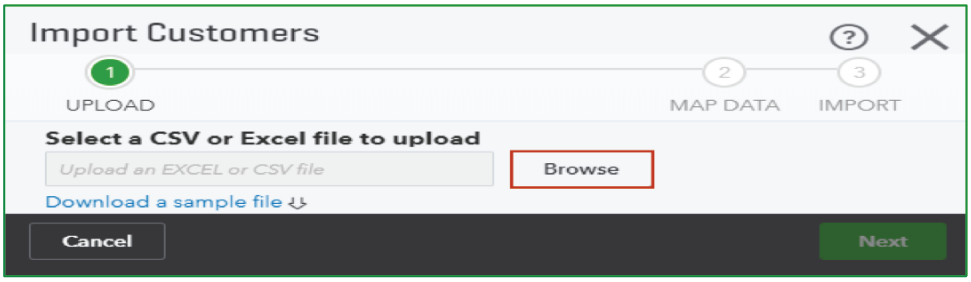
Click **Customers**

- There are three steps to import a file: Upload, Map Data, and Import. These steps are illustrated as you complete the Customers Import.

Click the **Browse** button for Select a CSV or Excel file to upload

- As you learned in practice, there are three steps to import a file: Upload, Map Data, and Import. These steps are illustrated as you import your customers into Your Name's Beach Barkers.

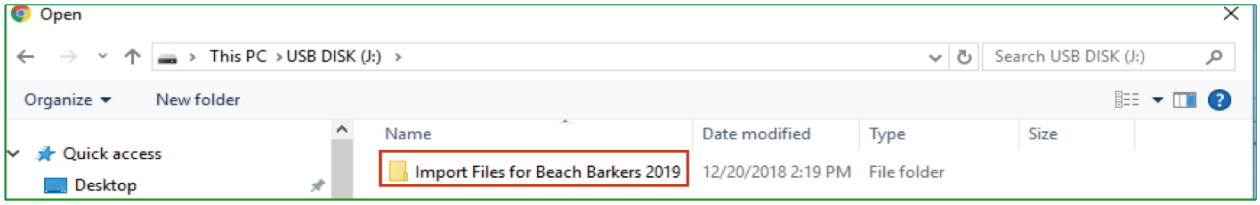
Click the **Browse** button for Select a CSV or Excel file to upload



Click the location of your USB drive

- In this example, the location is (J:).

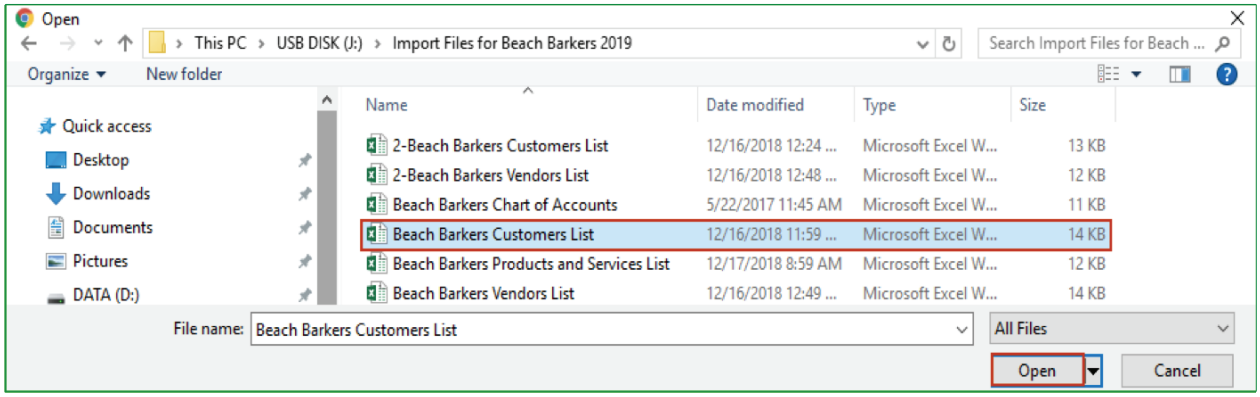
Double-click the folder **Import Files for Beach Barkers 2019**



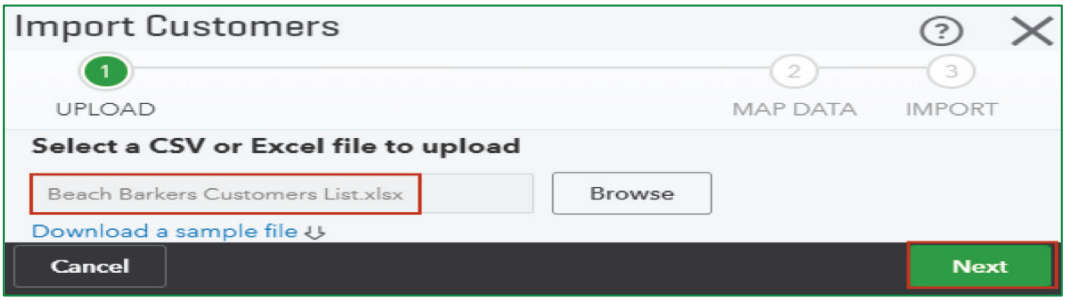
Click the file **Beach Barkers Customers List**

- Remember 2-Beach Barkers Customers List will be imported later in the chapter.

Click the **Open** button


Open
This PC › USB DISK (J:) › Import Files for Beach Barkers 2019
Search Import Files for Beach ...
Organize
New folder
Quick access
Desktop
Downloads
Documents
Pictures
DATA (D:)
Name
Date modified
Type
Size
2-Beach Barkers Customers List 12/16/2018 12:24 ... Microsoft Excel W... 13 KB
2-Beach Barkers Vendors List 12/16/2018 12:48 ... Microsoft Excel W... 12 KB
Beach Barkers Chart of Accounts 5/22/2017 11:45 AM Microsoft Excel W... 11 KB
Beach Barkers Customers List 12/16/2018 11:59 ... Microsoft Excel W... 14 KB
Beach Barkers Products and Services List 12/17/2018 8:59 AM Microsoft Excel W... 12 KB
Beach Barkers Vendors List 12/16/2018 12:49 ... Microsoft Excel W... 14 KB
File name: Beach Barkers Customers List
All Files
Open
Cancel

The file name will be inserted into the text box



- If you need to select a different file, click the Browse button; then click the correct file.

Once you have entered the name of the correct file, click the **Next** button at the bottom of the screen

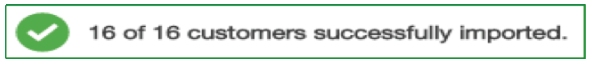
- As you saw in the Drill, this screen shows the MAP DATA information and matches the data in an Excel file with the appropriate fields of information for QuickBooks Online.
- Remember, a field contains information for a specific category. For example, the field for Name will contain the names of your customers.

Scroll through the list of fields and view the QuickBooks Online Field names and Your Field names

Click the **Next** button

- The records of each customer in the Customers List are shown. Remember, a record contains all of the information for one customer.

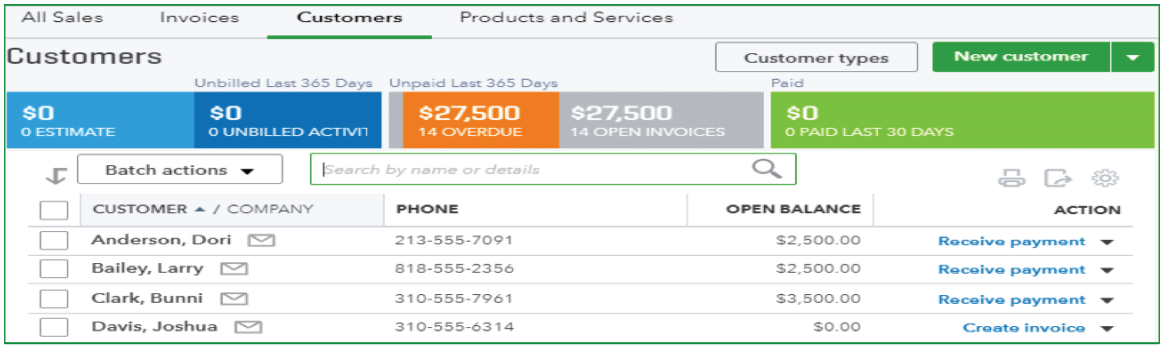
Since none of the customer information is shown in red, all records are correct
Click the **Import** button



- All 16 customers have been imported.

Click **Sales** or **Invoices** on the Navigation bar, then click **Customers**
Scroll through the Customers List

- Notice that the Name, Phone, and Open Balance fields have information for all the customers.



Partial List

Edit Customers List

Because there is information for customers that is not imported, all your customers will need to be edited. This information will be used when you record transactions for the customers.

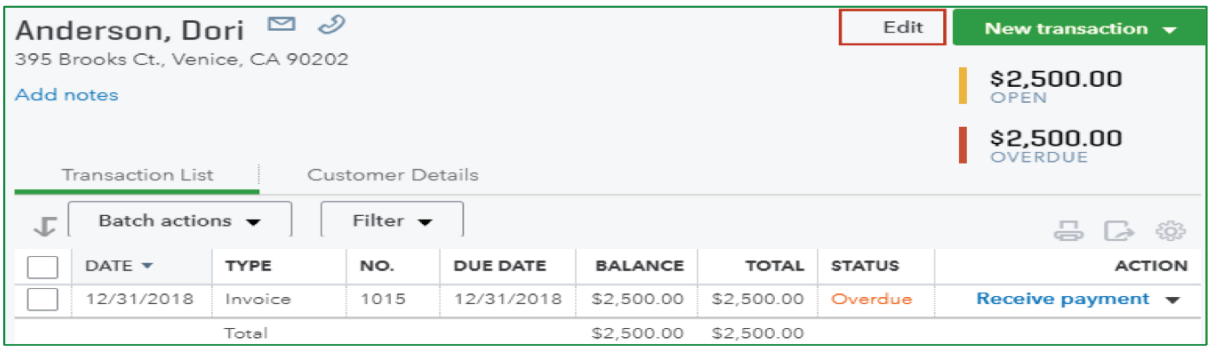
Continue to use **Your Name's Beach Barkers** and edit the Customers List

Point to **Anderson, Dori**

When you see the name underlined, click the left-mouse button

- Dori's account information will be shown.

Click the **Edit** button

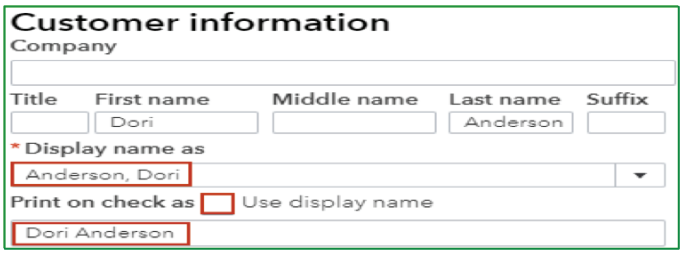


- Since most customers are individuals and not businesses, business forms should include the first and last name. Notice that Company is blank. If the customer were a business, you would use a Company name rather than a First Name and Last Name.
- To organize your customer list alphabetically by last name, Display name as should show Anderson, Dori. If not, click the drop-down list arrow for Display name as and select Anderson, Dori.

- When working in QBO, you want your customer names displayed last name first. This will provide an alphabetical listing of customers by their last name. However, when you print checks, you need to print the first name followed by the last name.

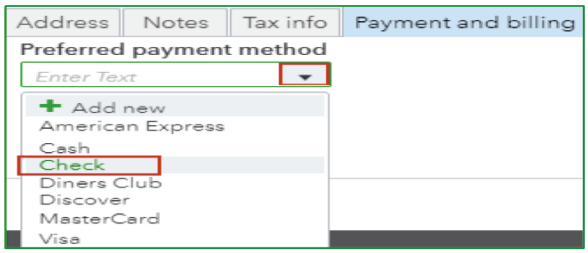
For Print on check as, click the check box to remove the check mark for Use display name
In the text box below, key in **Dori Anderson**

- Any checks written to Dori Anderson will have her first name then her last name on the Payee line.

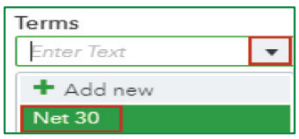


Click the **Payment and billing** tab in Dori's account

Click the drop-down list arrow for Preferred payment method, click **Check**

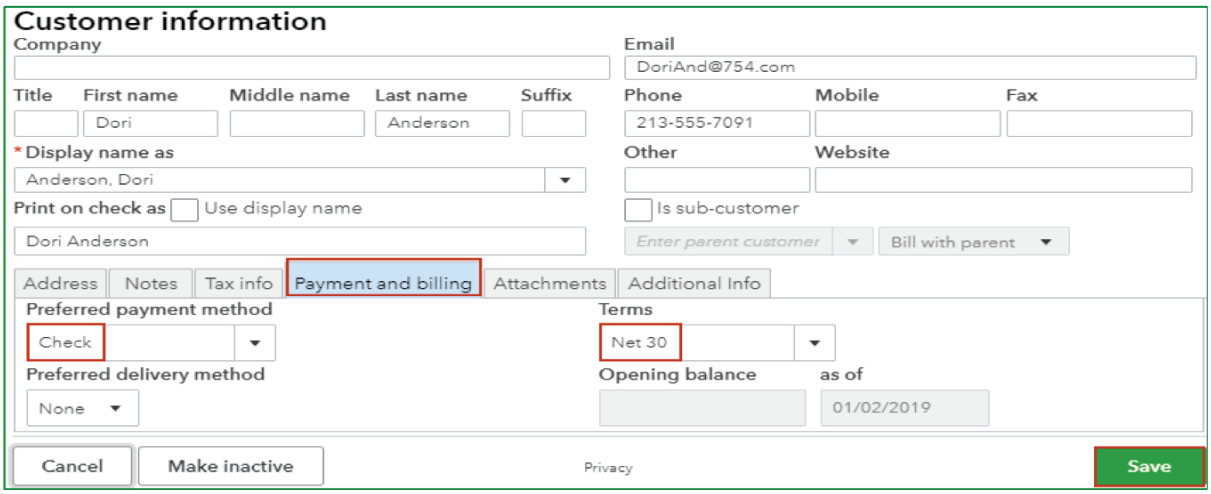


Click the drop-down list arrow for Terms, click **Net 30**



- The Opening balance was entered when you imported the Customers List, so nothing needs to be entered. The as of date will show the current date.

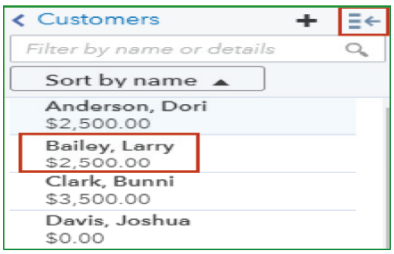
View the changes



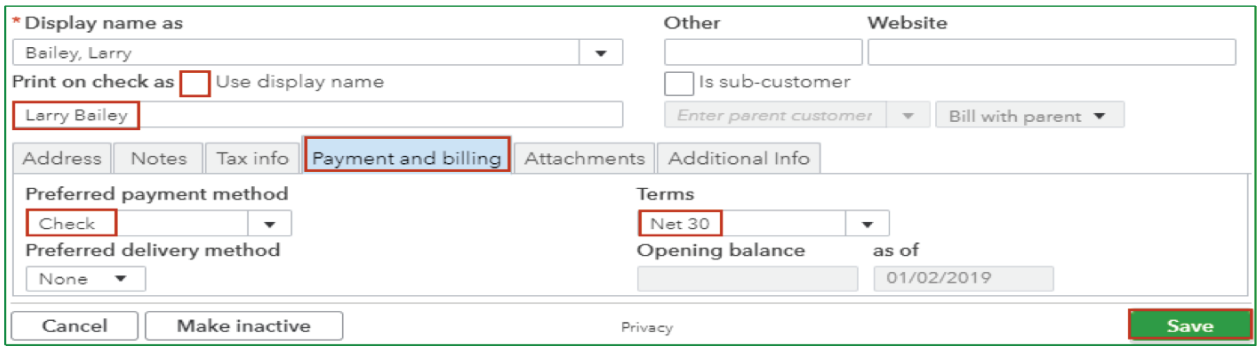
Click the **Save** button
To display the entire Customers List, click the next to Dori Anderson

- Notice that the Account Balance is shown below each customer's name.

Click **Bailey, Larry**

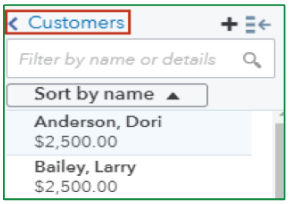


Change Larry's account to include:
Print on check: **Larry Bailey**
Preferred payment method: **Check**
Terms: **Net 30**
Click **Save**



Repeat for all remaining customers
When finished editing all the customers, click **<Customers** above the list of customer names with balances below

- You are returned to the Customers List.



Print and/or Export Customers List

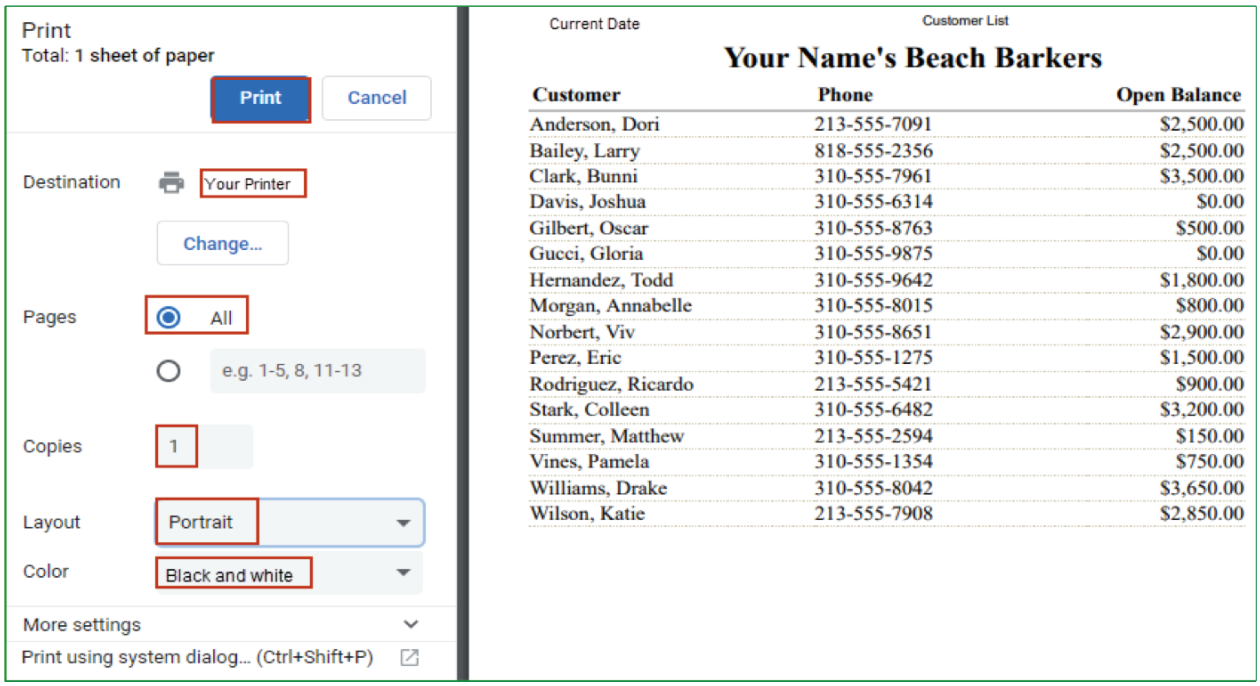
Once the Customers List has been edited, it is important to print and/or export the List to Excel. Each professor will have individual requirements for submitting work. Check with your instructor to determine which documents will be submitted and how they should be submitted. Instructions for printing and exporting to Excel are shown. If your instructor uses a different method, obtain instructions from your professor.

Continue to use **Your Name's Beach Barkers** and complete the steps listed below to print or export the Customers List

To print a copy of the Customers List, click the **Printer** icon
Make the appropriate selections on the Print menu:
Destination: should be the printer you will be using

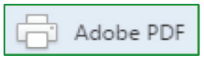
Pages: **All**
Copies: **1**
Layout: **Portrait**
Color: **Black and white**

- QuickBooks Online may add the Current Date and the title Customer List at the top of the printout.



Customer	Phone	Open Balance
Anderson, Dori	213-555-7091	$2,500.00
Bailey, Larry	818-555-2356	$2,500.00
Clark, Bunni	310-555-7961	$3,500.00
Davis, Joshua	310-555-6314	$0.00
Gilbert, Oscar	310-555-8763	$500.00
Gucci, Gloria	310-555-9875	$0.00
Hernandez, Todd	310-555-9642	$1,800.00
Morgan, Annabelle	310-555-8015	$800.00
Norbert, Viv	310-555-8651	$2,900.00
Perez, Eric	310-555-1275	$1,500.00
Rodriguez, Ricardo	213-555-5421	$900.00
Stark, Colleen	310-555-6482	$3,200.00
Summer, Matthew	213-555-2594	$150.00
Vines, Pamela	310-555-1354	$750.00
Williams, Drake	310-555-8042	$3,650.00
Wilson, Katie	213-555-7908	$2,850.00

Click **Print**

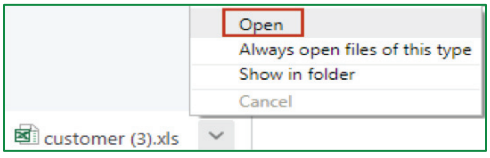


You may also print the Customers List to a pdf file by clicking the **Change** button; then selecting Adobe Pdf if available. You will be required to select a storage location to save the pdf file, create a folder on your USB drive named **Your First Initial and Last Name Beach Barkers PDF 2019** as the name of the folder. Enter the name of the document **1-Your First Initial and Last Name Cust List Ch 2** as the file name, click **Save**.

- Use your actual First Initial and Last Name. For example, the author would use: 1-JHorne Cust List Ch 2 for the file name.
- If you see the Customer List displayed on a separate tab, click the Close button on the Customer List tab.

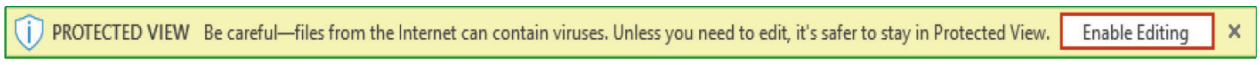
To export the list to Excel, click the **Export to Excel** icon

- If you are using Chrome as your Web browser, you will see a tab at the bottom of Chrome, click the arrow, then click **Open.**



You will see the Customers List in Excel

- The file may open in Protected View. If your file is shown in Protected View, it cannot be saved, click **Enable Editing**.


PROTECTED VIEW Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View.
Enable Editing

- If the Excel file is opened with data in small cells, the cells will need to be widened.

To widen Excel columns, point to the line between columns A and B when you get double arrow, hold down the left mouse button and drag until the information for the column is on one line

Repeat for the remaining columns

To adjust the height of the columns, resize the rows following the same procedures

When the columns and rows have been resized, scroll through the Excel file to view the customer information

2

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Customer	Company	Street Address	City	State	Country	Zip	Phone	Email	Customer Type	Attachments	Open Balance	Notes
2	Anderson, Dori		395 Brooks Ct.	Venice	CA		90202	213-555-7091	DoriAnd@754.com			2,500.00	
3	Bailey, Larry		1275 Vista Del Mar	Playa Del Rey	CA		90293	818-555-2356	LB123@LB.com			2,500.00	
4	Clark, Bunni		102 Breeze Avenue	Venice	CA		90202	310-555-7961	Bunni@pets.com			3,500.00	
5	Davis, Joshua		203 Palisades Avenue	Santa Monica	CA		90123	310-555-6314	JDavis@beach.com			0.00	
6	Gilbert, Oscar		1839 A Street	Santa Monica	CA		90123	310-555-8763	OG@abc.com			500.00	
7	Gucci, Gloria		795 Ocean Avenue	Venice	CA		90202	310-555-9875	GloriaG@123.com			0.00	
8	Hernandez, Todd		2971 Dell Avenue	Venice	CA		90291	310-555-9642	ToddH@385.com			1,800.00	
9	Morgan, Annabelle		1021 Montana Avenue	Santa Monica	CA		90123	310-555-8015	AMorgan@xyz.com			800.00	
10	Norbert, Viv		125 23rd Avenue	Venice	CA		90202	310-555-8651	VivN@gva.com			2,900.00	
11	Perez, Eric		2190 State Street	Brentwood	CA		90049	310-555-1275	EricP@098.com			1,500.00	
12	Rodriguez, Ricardo		851 4th Court	Santa Monica	CA		90202	213-555-5421	RR@bde.com			900.00	
13	Stark, Colleen		5519 Via Donte	Marina Del Rey	CA		90296	310-555-6482	CoStark@beach.com			3,200.00	
14	Summer, Matthew		2210 Pacific Avenue	Marina Del Rey	CA		90295	213-555-2594	MattS@qwe.com			150.00	
15	Vines, Pamela		119 Via Marina	Marina Del Rey	CA		90295	310-555-1354	PamV@mail.com			750.00	
16	Williams, Drake		548 San Vincente	Venice	CA		90202	310-555-8042	DrakeW@wil.com			3,650.00	
17	Wilson, Katie		4157 Via Marina, #3	Venice	CA		90202	213-555-7908	Kw@587.com			2,850.00	

Click the **Save As** icon on the Excel title bar

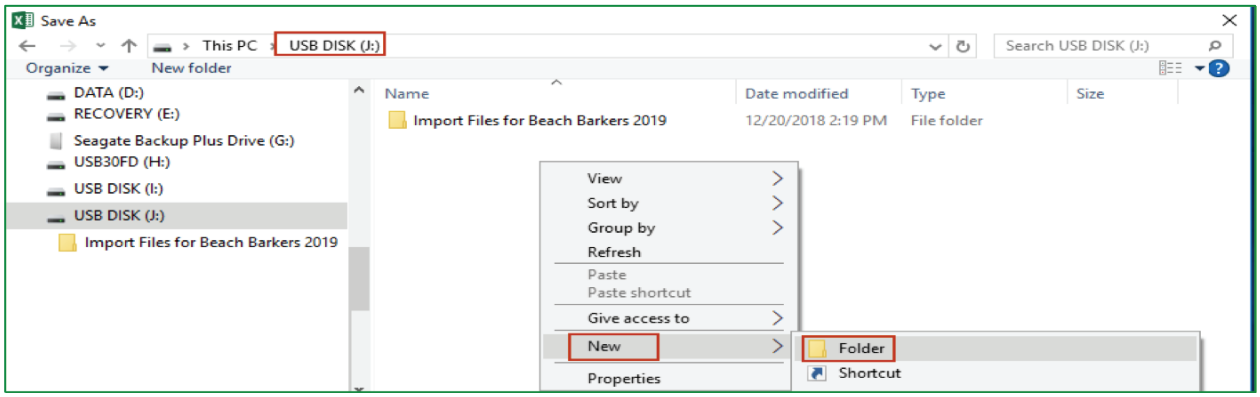
- Or, click **File**, then click **Save As**.

Click the location of your USB drive

- J: is the location in this illustration.

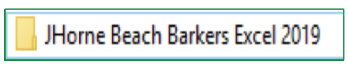
Right click in the open pane below the Import Files for Beach Barkers 2019 folder

Point to **New,** and then click **Folder**



Type **Your First Initial and Last Name Beach Barkers Excel 2019** as the name of the folder, press **Enter**

- Use your actual First initial and Last Name. As an example, the author's folder would be:

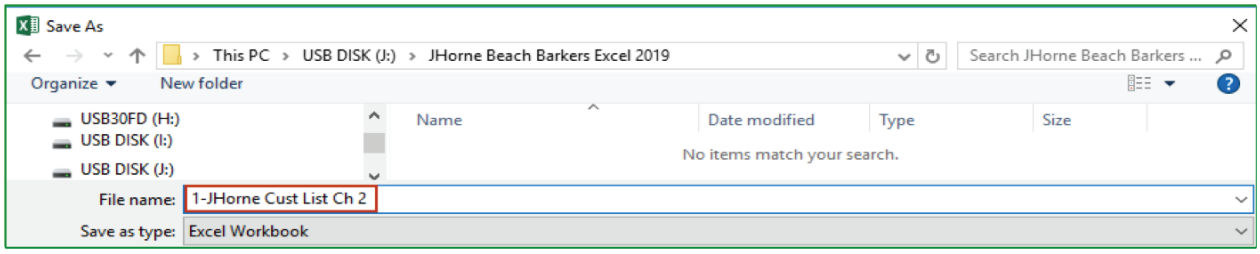


Double-click the folder to open it

Click in the text box for **File name**

Enter **1-Your First Initial and Last Name Cust List Ch 2** as the file name

- Use your actual First Initial and Last Name. For example, the author would use: 1-JHorne Cust List Ch 2 for the file name.
- Future screenshots will show Your Name rather than the author's first initial and last name.



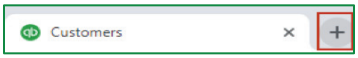
Click the **Save** button

Email Customers List

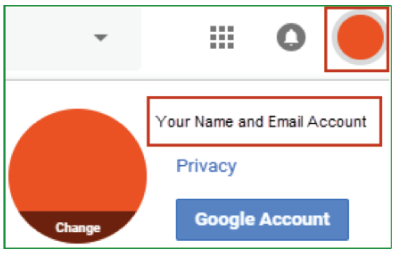
Each instructor will have his or her method for the submission of assignments. One way to submit your work is by email. Check with your instructor to see if you should email the Customers List. If so, use your Intuit ID email account for the email.

Email **Your Name's Beach Barkers** Customers List

To email your Customers List, open a new Tab on your browser
At the top of your browser click the Plus next to the open tab
Type **mail.google.com** in the URL on the new tab, press **Enter**



- If your Intuit ID email account does not show, click the graphic for your Intuit email account.



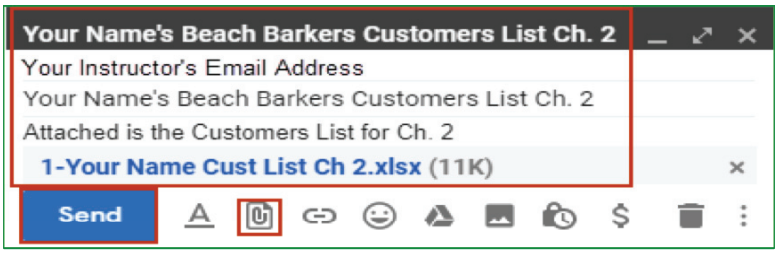
Click the **Compose** button
On the New Message screen, enter your professor's email address
On the Subject line, enter **Your Name's Beach Barkers Customers List Ch. 2**

- Use your first initial and last name.

In the message area, key in **Attached is the Customers List for Ch. 2**
Click the **Paperclip** icon
If necessary, double-click your Beach Barkers Excel 2019 Folder on your USB drive
Click **1-Your Name Cust List Ch 2**
Click **Open**
When the file has been attached, click the **Send** button

- If your instructor wants you to submit your work in batches, add all of the file names in your message. Click the paperclip icon and select each file to be attached.

When the file(s) has/have been attached, click the **Send** button


Your Name's Beach Barkers Customers List Ch. 2
Your Instructor's Email Address
Your Name's Beach Barkers Customers List Ch. 2
Attached is the Customers List for Ch. 2
1-Your Name Cust List Ch 2.xlsx (11K)
Send

Click the **Close** button on the tab for your email account
To close Your Name's Beach Barkers:
Click the **Gear** icon, then click **Sign Out**

- All the customers you imported and edited are saved as part of the file.

IMPORT, EDIT, AND PRINT/EXPORT THE VENDORS LIST—DRILL

When you import vendor data, you will be able to add your vendors and some of their account information. As with customers, not everything you want in your vendors' accounts can be imported. Once you import your Vendors List from Excel, you will need to edit your vendor accounts and add any missing information.

In this section, you will practice importing, editing, and printing the Vendors List. As was stated previously, you will use the Excel files for Your Name's Beach Barkers to practice importing.

DRILL

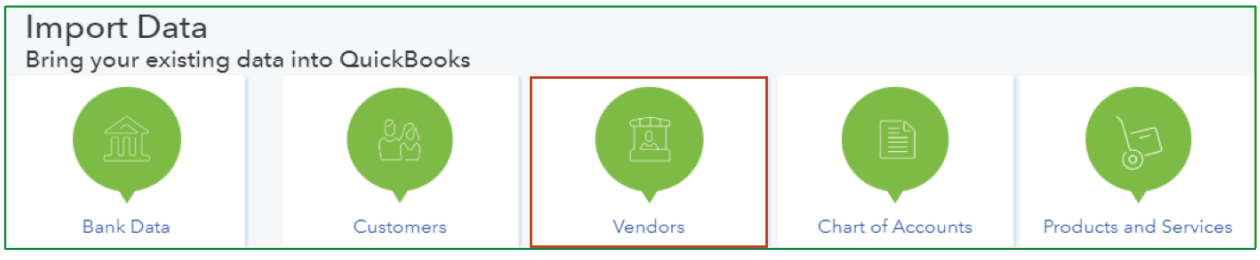
Open the **Test Drive Company** following the steps presented earlier; then, practice importing the Vendors List from Excel

Import the Vendors List

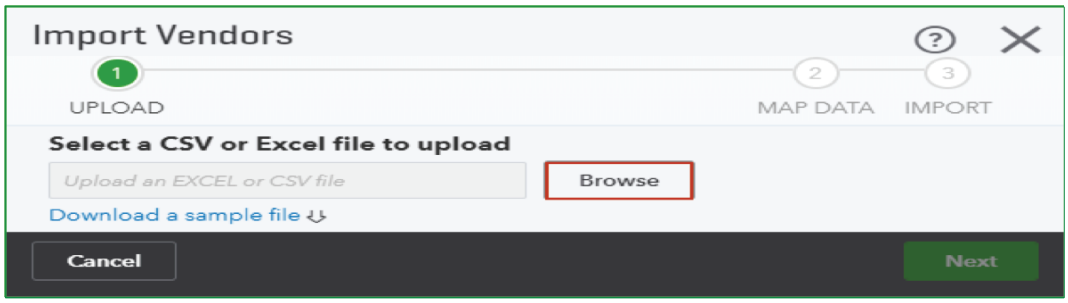
The second list to import is the Vendors List.

Use the **Test Drive Company** and import the Vendors List you downloaded

Now that the Test Drive Company is open, click the **Gear** icon
Click **Import Data** in the Tools column
Click **Vendors**



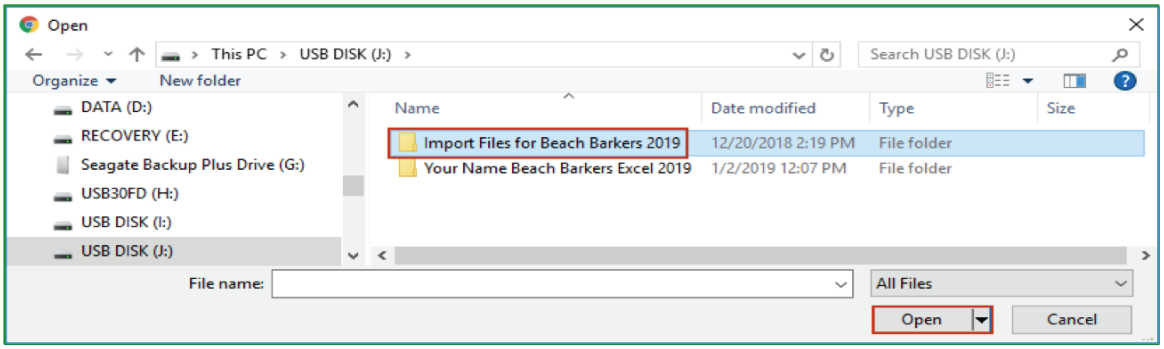
Click the **Browse** button for Select a CSV or Excel file to upload



Click the location of your USB drive

- In this example, the location is (J:).

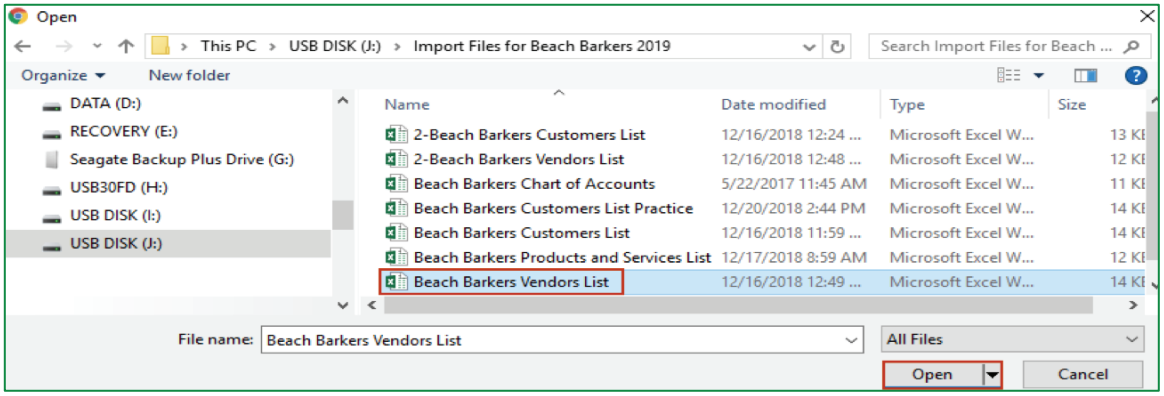
Double-click the folder **Import Files for Beach Barkers 2019**



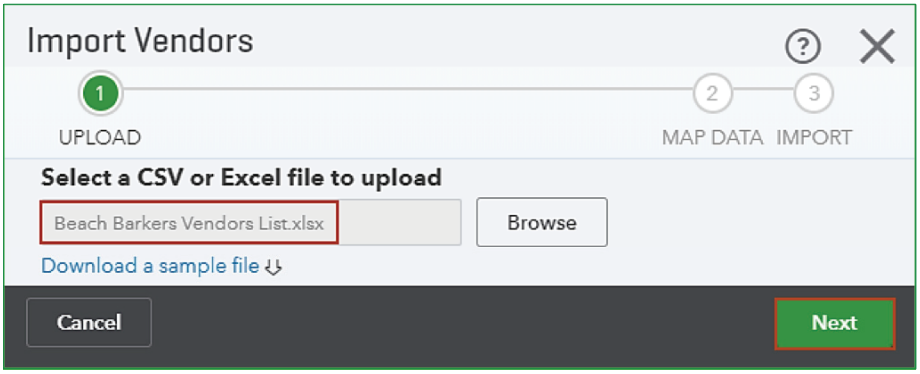
Click the file **Beach Barkers Vendors List**

- Remember 2-Beach Barkers Vendors List will be imported later in the chapter.

Click the **Open** button



The file name will be inserted into the QuickBooks Online text box



- If you need to select a different file, click the Browse button; then click the correct file.

Click the **Next** button

This screen shows the MAP DATA information and is used to match the data in the Excel file to the appropriate fields of information for QuickBooks Online

- Remember, a field contains information for a specific category. For example, the field of Name will contain the names of your vendors.

Scroll through the list of fields and view the QuickBooks Online Field and Your Field names

- Just as with customers, if there is no Excel field available in QuickBooks Online, you will see No Match.

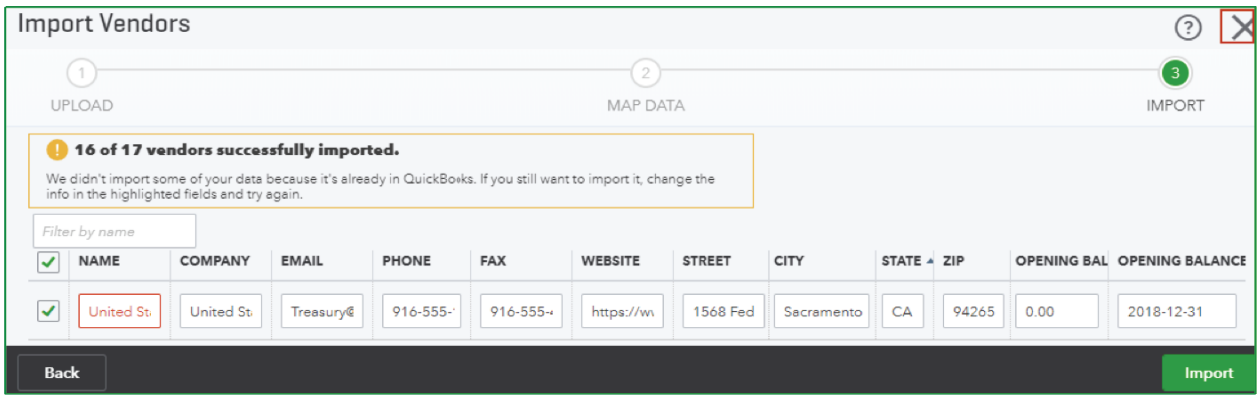
Click the **Next** button

The records of each vendor in the Vendors List are shown

- A record contains all of the information for one vendor.
- As with customers, if there are errors, the information will be shown in red. You must change it in order to import your vendors.

Since all records are correct, click the **Import** button

- You will see a message "16 of 17 vendors successfully imported." Because we are using the Test Drive Company, the Vendors List already contains United States Treasury as a vendor, so you get an error message stating that United States Treasury is a duplicate.



Click the **Close** button to end the Vendors List import

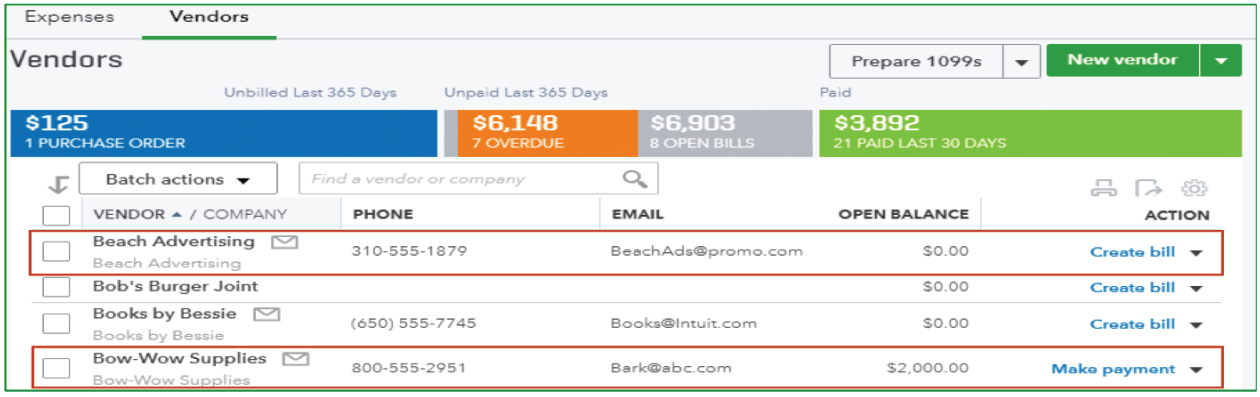
Click **Yes** on the Message box for Do you want to leave without saving?

Click **Expenses** on the Navigation bar; then click **Vendors**

Scroll through the Vendors List

- Did you notice the vendors you imported? Beach Advertising and Bow-Wow Supplies were imported and are shown along with Bob's Burger Joint and other original vendors.
- Notice that the Name, Phone, Email, and Open Balance fields have information for all the vendors, including the new ones.

- Just as with customers, you will notice that the phone numbers are displayed differently.



Partial List

Edit Vendors List

If a vendor is a business, the Company field should show a company name. If the vendor were an individual, you would not use the Company field. You would use the First name and Last name fields. If the vendor is a company that uses a person's name on checks, as in Books by Bessie, you would want both the Company and the First name and Last name fields to have information.

When you import vendors from Excel into QuickBooks Online, you are required to use a name field, which enters information into the First name Middle name, and Last name fields. To include information for Company, your import file should include that field as well. Since our imported vendors are all companies, the information in the First name, Middle name, and Last name fields should be removed from each vendor's record.

In addition to editing the vendors' names, there are selections for vendors that may not be imported, so your imported vendors will need to be edited. These selections will be used when you record transactions for the vendors.

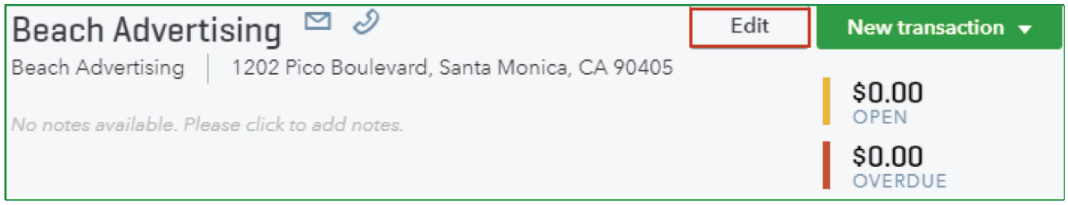
Continue to use the **Test Drive Company** and edit the Vendors List that you imported

Point to **Beach Advertising**

When you see the name underlined, click the left-mouse button

- Account information for Beach Advertising will be shown.

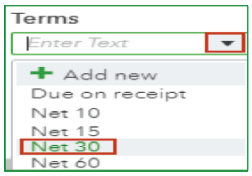
Click the **Edit** button



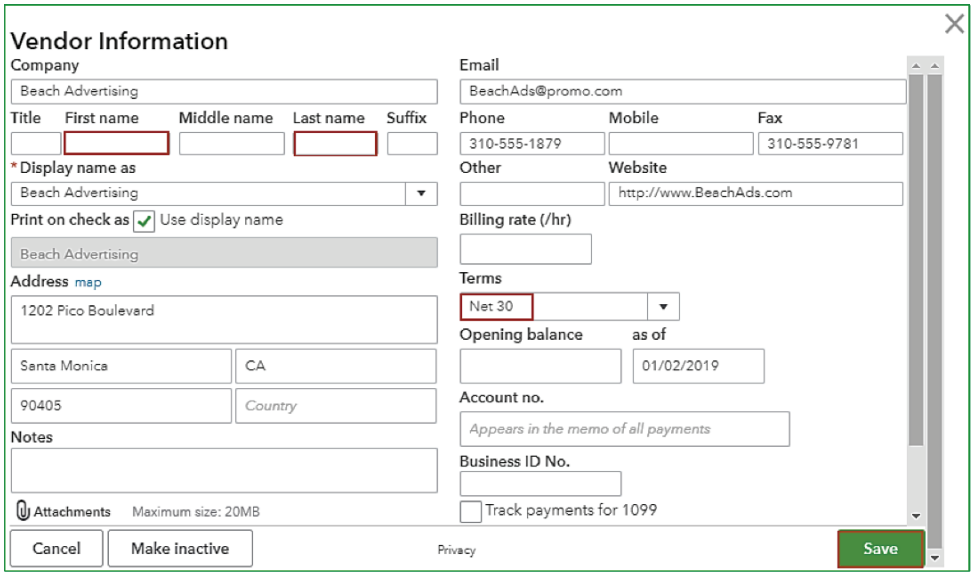
Click in the First name field to highlight **Beach**, press the **Delete** key or backspace to remove the name

Repeat to remove Advertising from the Last name field

- The only additional information that we want to include is Terms of 30 days.



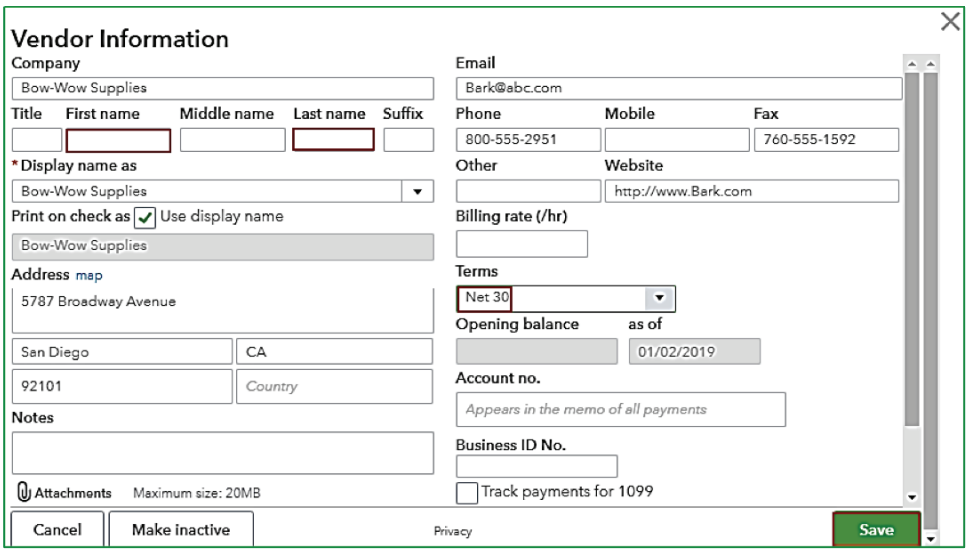
Click the drop-down list arrow for Terms
Click **Net 30**
View the changes and note the other fields available:



Click the **Save** button
To display the entire Vendors List, click the next to Beach Advertising

- Notice that the Account Balance is shown below each vendor's name.

Click **Bow-Wow Supplies**
Click the **Edit** button
Click in the First name text box and delete the First name
Repeat to delete the Last name
Click the drop-down list arrow for Terms, click **Net 30**



Click **Save**

Print and/or Export Vendors List

As with the Customers List, the Vendors List may be printed and/or exported to Excel.

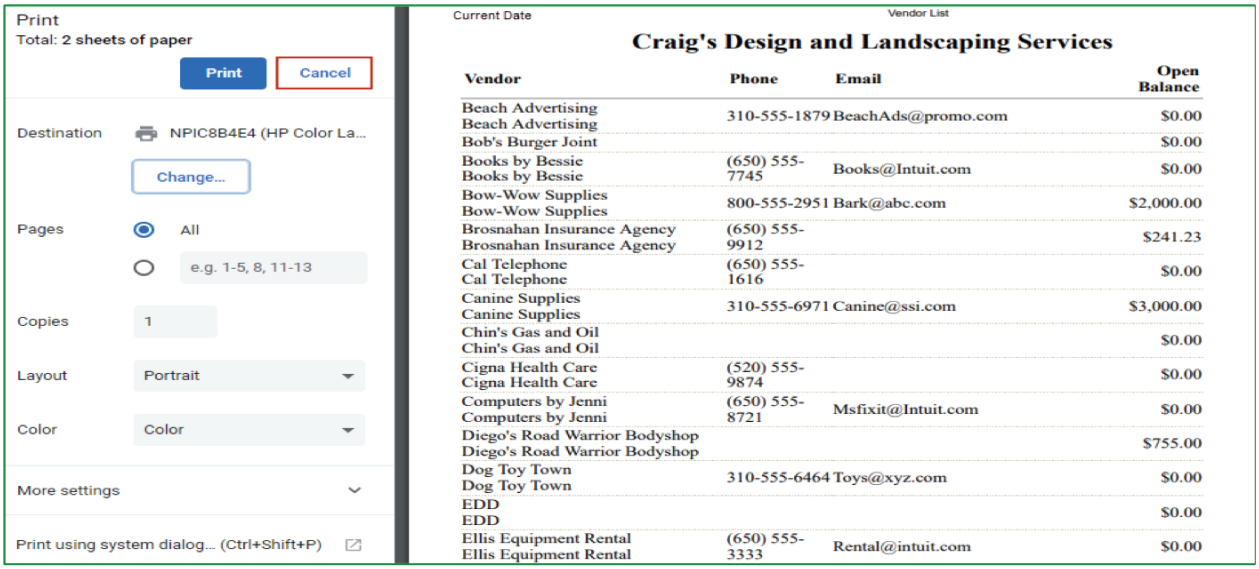
Continue to use the **Test Drive Company** and complete the steps listed below to print or export the Vendors List

When finished editing all the customers, click **<Vendors** above the list of vendor names with balances below

- You are returned to the Vendors List.

To print a copy of the Vendors List, click the **Printer** icon

- You will see a copy of your Vendors List.



Partial List

Since printing is not required for the drill, click **Cancel**

Click the **Close** button on the tab for Vendor List

To export the list to Excel, click the **Export to Excel** icon

- Note: If you are not using Google Chrome as your Web browser, your screens may be different from the ones shown in the text.

Click the arrow next to **vendor.xls** tab and **Open** at the bottom of your screen

You will see the Vendors List in Excel

- The file may open in Protected View. If your file is shown in Protected View, it cannot be saved, click **Enable Editing**.

If the Excel file is opened with small square boxes, the cells will need to be widened

- Since this is a drill, you do not need to resize the cells in Excel.

	A	B	C	D	E	F	G	H	I	J	K
1	Vendor	Company	Street Address	City	State	Country	Zip	Phone	Email	Attachments	Open Balance
2	Beach Advertising	Beach Advertising	1202 Pico Boulevard	Santa Monica	CA		90405	310-555-1879	BeachAds@promo.com		0.00
3	Bob's Burger Joint										0.00
4	Books by Bessie	Books by Bessie	15 Main St.	Palo Alto	CA		94303	(650) 555-7745	Books@Intuit.com		0.00
5	Bow-Wow Supplies	Bow-Wow Supplies	5787 Broadway Avenue	San Diego	CA		92101	800-555-2951	Bark@abc.com		2,000.00

Partial List

Click the top **Close** button in the upper right corner of the title bar to close Excel without saving

To close the Test Drive company:

Click the **Gear** icon

Click **Sign Out**

- Once you close the Test Drive Company, all of the vendors you imported will be erased from Craig's Design and Landscaping Services.

IMPORT, EDIT, AND PRINT/EXPORT/EMAIL THE VENDORS LIST—DO

Now that you have practiced importing and editing vendors, you will import your Vendors List into Your Name's Beach Barkers. Once the list is imported successfully, you will edit the vendors. Finally, you will review printing, exporting to Excel, and emailing your Vendors List and submit the Vendors List as instructed by your professor.

MEMO
DATE: January 1, 2019

Import the Vendors List
Edit all vendors to include:
Remove names in First name, Middle name, and Last name text boxes
Add Terms: **Net 30**

DO

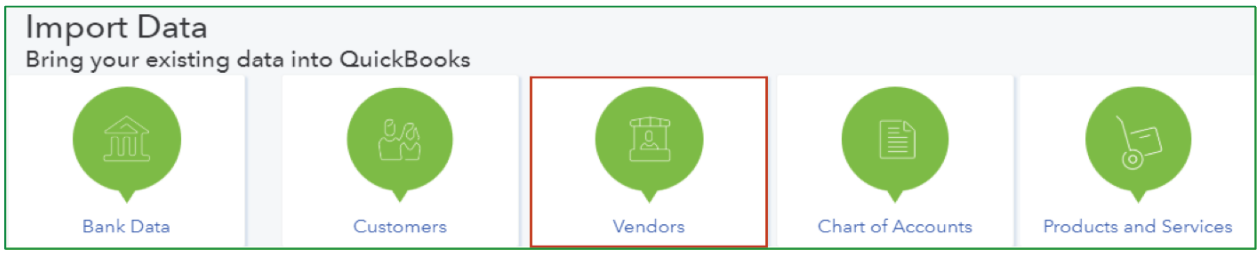
Open **Your Name's Beach Barkers** following the steps presented earlier; then, import the Vendors List from Excel

Import Vendors List

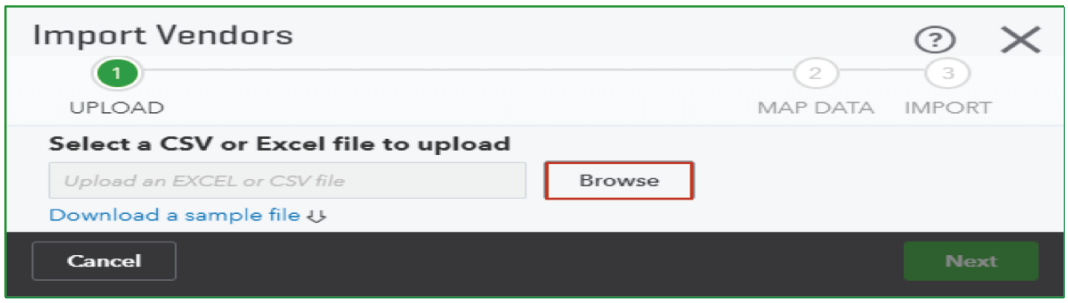
The second list to import is the Vendors List.

Use **Your Name's Beach Barkers** and import the Vendors List you downloaded

Click the **Gear** icon
Click **Import Data** in the Tools column
Click **Vendors**



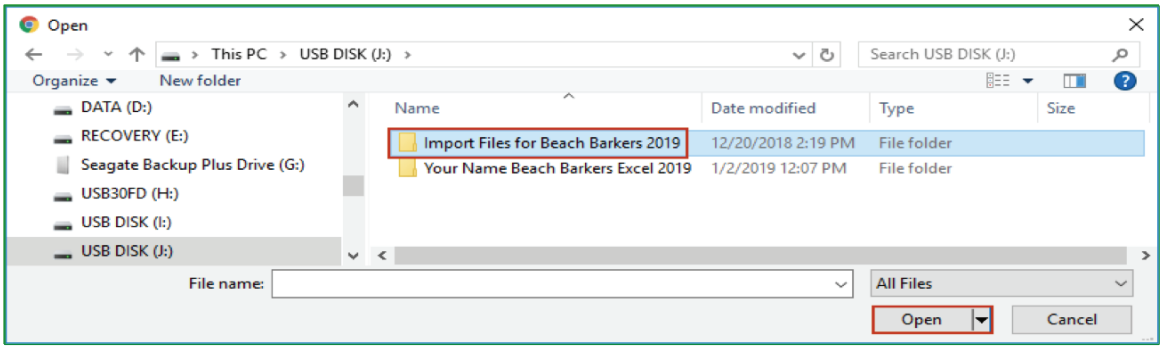
Click the **Browse** button for Select a CSV or Excel file to upload



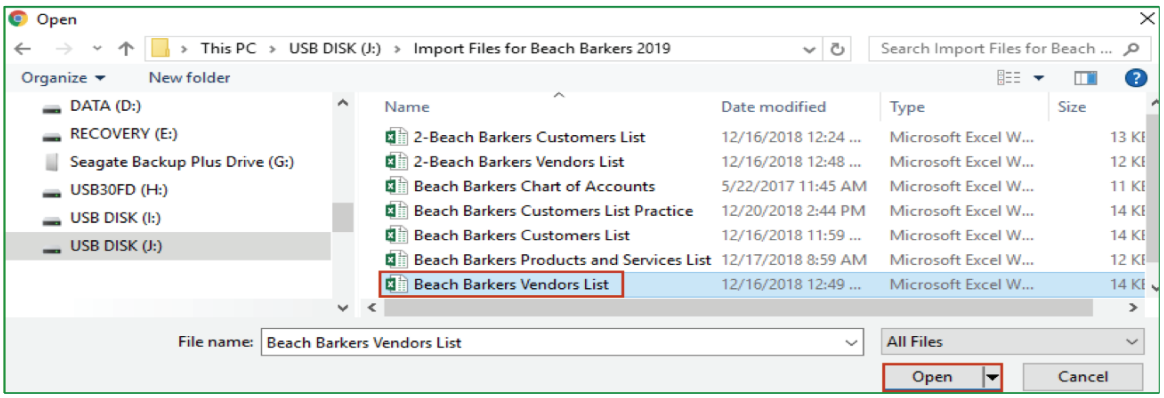
Click the location of your USB drive

- In this example, the location is (J:).

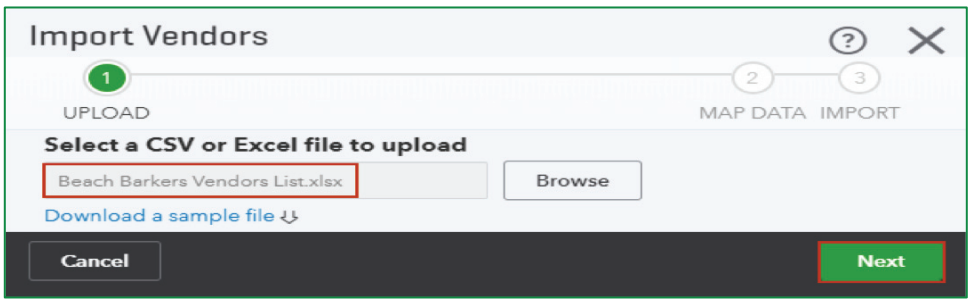
Double-click the folder **Import Files for Beach Barkers 2019**



Click the file **Beach Barkers Vendors List**
Click the **Open** button



The file name will be inserted into the text box



- If you need to select a different file, click the Browse button; then click the correct file.
- Remember, do not import 2-Beach Barkers Vendors List.

Click the **Next** button

This screen shows the MAP DATA information and is used to match the data in the Excel file to the appropriate fields of information for QuickBooks Online

- If there are errors and you cannot link the data, your information will be shown in red.

Click the **Next** button

The records of each vendor in the Vendors List are shown

- As with customers, if there are errors, the information will be shown in red. You must change it in order to import your vendors.

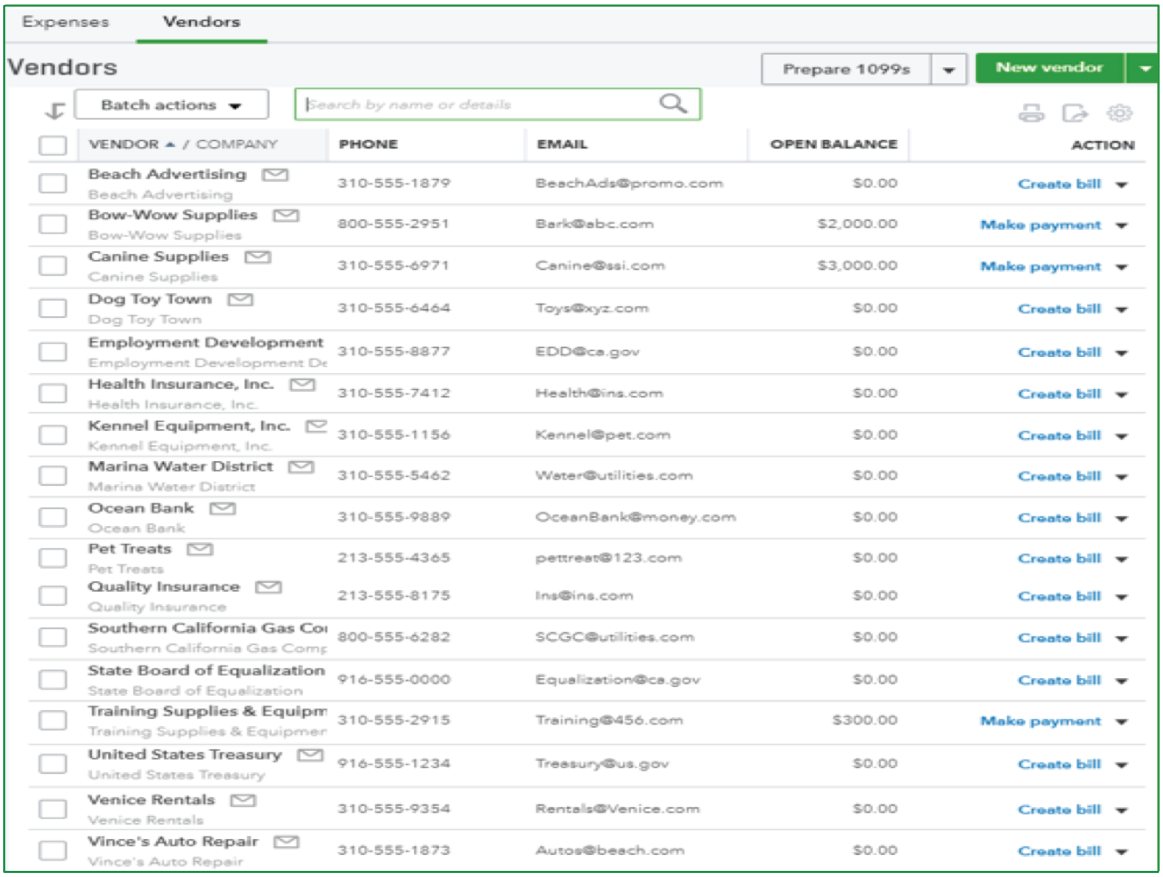
Since all records are correct, click the **Import** button

- You will a message regarding the number of vendors imported.

Click **Expenses** on the Navigation bar; then click **Vendors**

Scroll through the Vendors List

- All seventeen vendors including United States Treasury were imported.
- Notice that the Name, Phone, Email, and Open Balance fields have information for all of the vendors.



Edit Vendors List

As you learned in the Drill, if a vendor is a business, the Company field should show a company name. If the vendor is an individual, you will not use the Company field name just the First name and Last name fields. If the vendor is a company that uses a person's name on checks, for

example, Roger Wilson for the First and Last names and Wilson Co. for the Company name, you would want both the Company and the First name and Last name fields to have information.

When you import Vendors from Excel into QuickBooks Online, you are required to use a name field, which enters information into the First name, Middle name, and Last name fields. To include information for the Company field, your import file should include that field as well. Since our imported vendors are all companies, the First name, Middle name, and Last name should be removed from each vendor's record.

In addition to editing the vendors' names, there are selections for vendors that may not be imported, so your imported vendors will need to be edited. These selections will be used when you record transactions for the vendors.

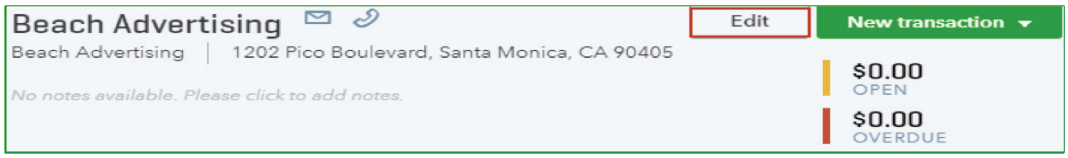
Continue to use **Your Name's Beach Barkers** and change the terms for each vendor to Net 30.

Point to **Beach Advertising**

When you see the name underlined, click the left-mouse button

- Account information for Beach Advertising will be shown.

Click the **Edit** button



Click in the First name field to highlight **Beach**, press the **Delete** key or backspace to remove the name

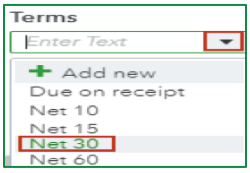
Repeat to remove Advertising from the Last name field

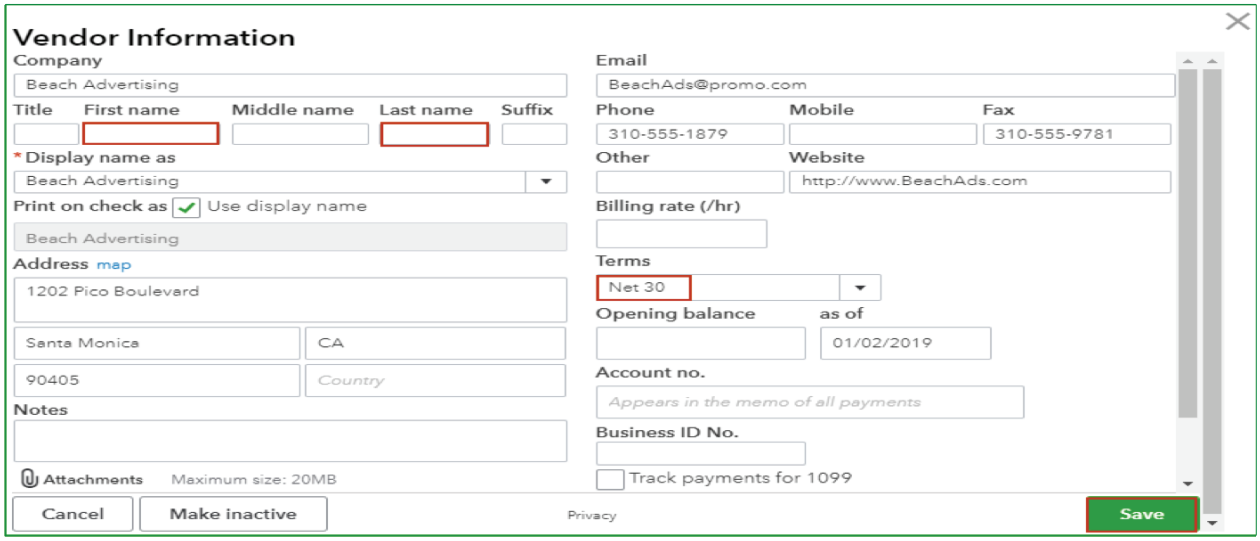
- The only additional information that we want to include is Terms of 30 days.

Click the drop-down list arrow for Terms

Click **Net 30**

View the changes and note the other fields available:

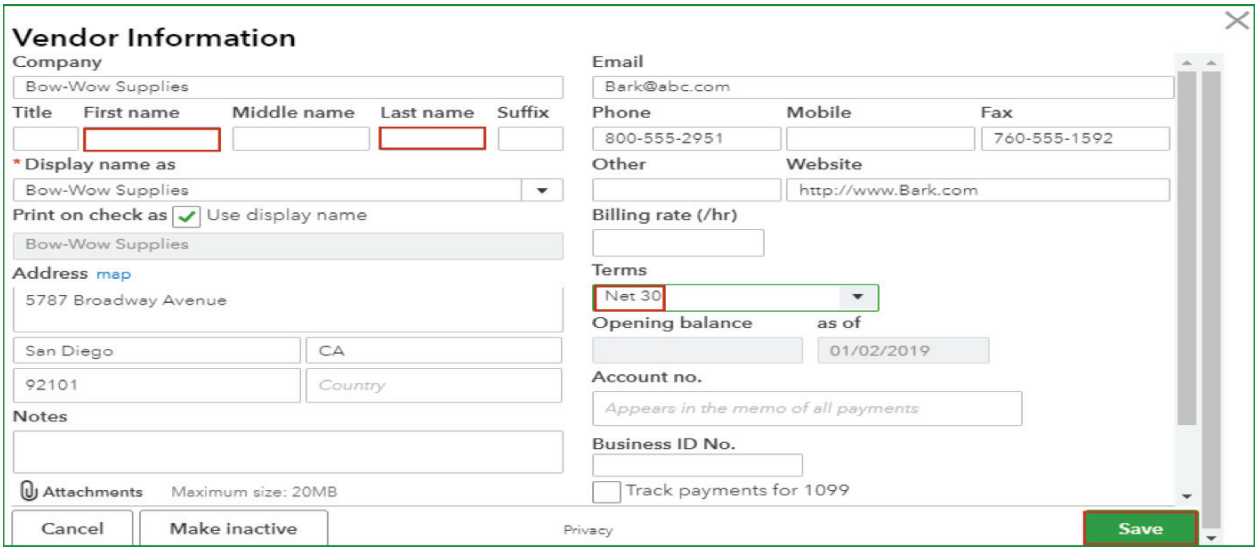




Click the **Save** button
To display the entire Vendors List, click the next to Beach Advertising

- Notice that the Account Balance is shown below each vendor's name.

Click **Bow-Wow Supplies**
Click the **Edit** button
Click in the First name text box and delete the First name
Repeat to delete the Last name
Click the drop-down list arrow for Terms, click **Net 30**



Click **Save**
Repeat for <u>all</u> the vendors in the list

- Note: When you edit Dog Toy Town, Employment Development Department, and any other vendors with three words or more words in the name, you will need to delete the First, Middle, and Last names.

Print and/or Export Vendors List

Once the Vendors List has been edited, it is important to print and/or export the List to Excel.

Continue to use **<u>Your Name's Beach Barkers</u>** and complete the steps listed below to print or export the Vendors List

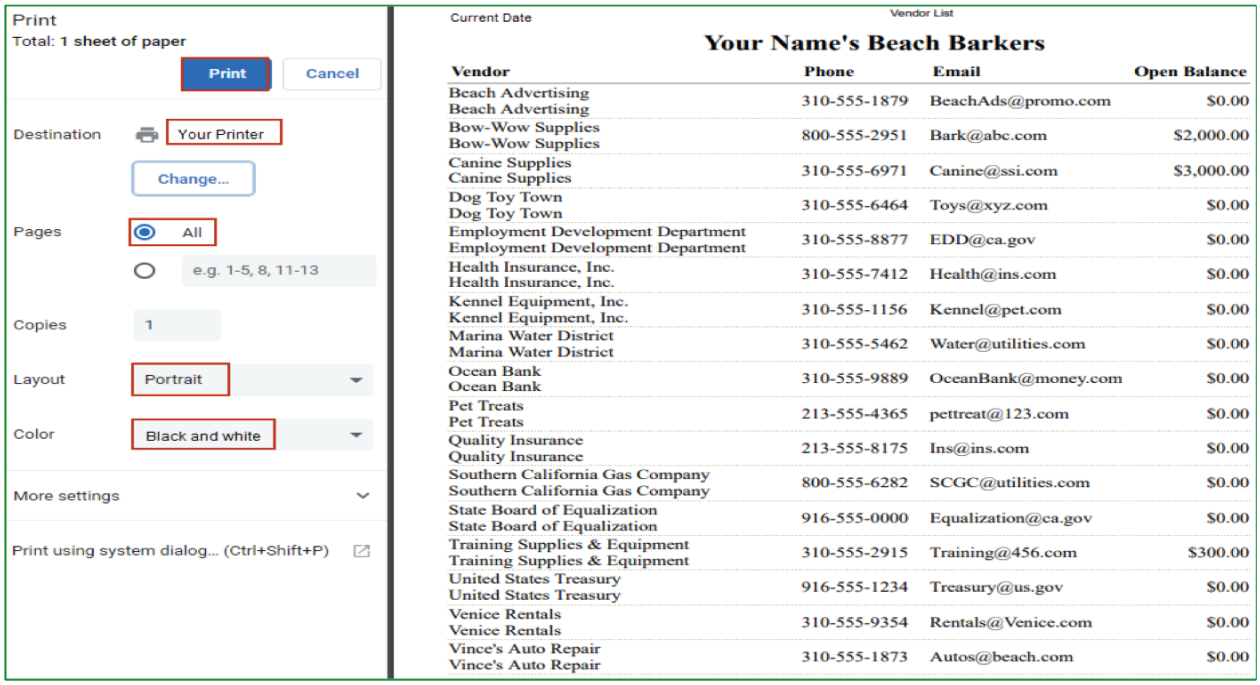
When finished editing all the customers, click **<Vendors** above the list of vendor names with balances below

- You are returned to the Vendors List.
- As was mentioned for the Customers List, each professor will have individual requirements for submitting work. Check with your instructor to determine which documents will be submitted and how they should be submitted. Instructions for printing and exporting to Excel are shown. If your instructor uses a different method, obtain instructions from your professor.

Follow the steps listed below to print or export the Vendors List
To print a copy of the Vendors List, click the **Printer** icon
Make the appropriate selections on the Print menu

Destination: should be the **printer** you will be using
Pages: **All**
Copies: **1**
Layout: **Portrait**
Color: **Black and white**

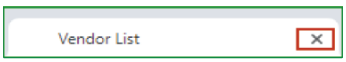
- Your printer and other details may not match the screenshot shown. If necessary, check with your instructor about appropriate print settings.



Click **Print**

- You may also print the Vendors List to a pdf file by clicking the **Change** button; then selecting Adobe Pdf if available. Open the folder on your USB drive named **Your First Initial and Last Name Beach Barkers PDF 2019**, enter the name of the document **2-Your First Initial and Last Name Vend List Ch 2**, click **Save**.

Click the **Close** button on the Vendor List tab that is opened after printing



To export the list to Excel, click the **Export to Excel** icon

- Note: If you are not using Google Chrome as your Web browser, your screens may be different from the ones shown in the text.

Click the arrow next to **vendor.xls** tab and **Open** at the bottom of your screen
You will see the Vendors List in Excel

- The file may open in Protected View. If your file is shown in Protected View, it cannot be saved, click **Enable Editing**.

If the Excel file is opened with small cells, they will need to be widened
Point to the line between columns A and B when you get a double arrow, then, hold down the left mouse button and drag to the right until the information for the column is on one line

Repeat for the remaining columns
To adjust the height of the columns, resize the rows following the same procedures
When the columns and rows have been resized, scroll through the Excel file to view the vendor information

	A	B	C	D	E	F	G	H	I	J	K
1	Vendor	Company	Street Address	City	State	Country	Zip	Phone	Email	Attachments	Open Balance
2	Beach Advertising	Beach Advertising	1202 Pico Boulevard	Santa Monica	CA		90405	310-555-1879	BeachAds@promo.com		0.00
3	Bow-Wow Supplies	Bow-Wow Supplies	5787 Broadway Avenue	San Diego	CA		92101	800-555-2951	Bark@abc.com		2,000.00
4	Canine Supplies	Canine Supplies	10855 Western Avenue	Los Angeles	CA		90012	310-555-6971	Canine@ssi.com		3,000.00
5	Dog Toy Town	Dog Toy Town	1970 College Boulevard	Hollywood	CA		90028	310-555-6464	Toys@xyz.com		0.00
6	Employment Development Department	Employment Development Department	11033 Wilshire Boulevard	Los Angeles	CA		90007	310-555-8877	EDD@ca.gov		0.00
7	Health Insurance, Inc.	Health Insurance, Inc.	2085 Wilshire Boulevard	Los Angeles	CA		90017	310-555-7412	Health@ins.com		0.00
8	Kennel Equipment, Inc.	Kennel Equipment, Inc.	2073 E. 15th Street	Los Angeles	CA		90021	310-555-1156	Kennel@pet.com		0.00
9	Marina Water District	Marina Water District	131025 W. Jefferson Boulevard	Los Angeles	CA		90094	310-555-5462	Water@utilities.com		0.00
10	Ocean Bank	Ocean Bank	273 Ocean Park Boulevard	Venice	CA		90202	310-555-9889	OceanBank@money.com		0.00
11	Pet Treats	Pet Treats	509 E. 21st Street	Los Angeles	CA		90011	213-555-4365	pettreat@123.com		0.00
12	Quality Insurance	Quality Insurance	12351 Culver Boulevard	Culver City	CA		90232	213-555-8175	Ins@ins.com		0.00
13	Southern California Gas Company	Southern California Gas Company	5951 Venice Boulevard	Los Angeles	CA		90034	800-555-6282	SCGC@utilities.com		0.00
14	State Board of Equalization	State Board of Equalization	7800 State Street	Sacramento	CA		94265	916-555-0000	Equalization@ca.gov		0.00
15	Training Supplies & Equipment	Training Supplies & Equipment	1801 Griffith Avenue	Los Angeles	CA		90021	310-555-2915	Training@456.com		300.00
16	United States Treasury	United States Treasury	1568 Federal Way	Sacramento	CA		94265	916-555-1234	Treasury@us.gov		0.00
17	Venice Rentals	Venice Rentals	400 Lincoln Boulevard	Venice	CA		90291	310-555-9354	Rentals@Venice.com		0.00
18	Vince's Auto Repair	Vince's Auto Repair	1153 Washington Place	Culver City	CA		90232	310-555-1873	Autos@beach.com		0.00

Click the **Save As** icon on the Excel title bar

- Or, click **File**, then click **Save As**.

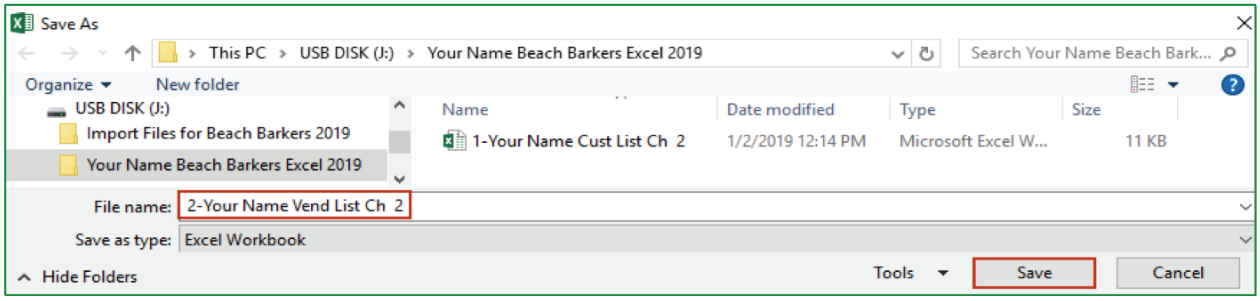
Click the location of your USB drive

- J: is the location in this illustration.

If it is necessary to open the folder, double-click **Your Name's Beach Barkers Excel Files**
Click in the text box for **File name**
Enter **2-Your First Initial and Last Name Vend List Ch 2** as the file name

- Use your real first initial and last name. For example, the author's file would be named 2-JHorne Vend List Ch 2. Remember, this is not shown in the screenshot.

Click the **Save** button



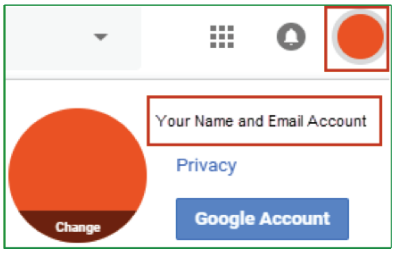
Email Vendors List

Each instructor will have his or her method for the submission of assignments. One way to submit your work is by email. Check with your instructor to see if you should email the Vendors List. If so, use your Intuit ID email account for the email.

Email **Your Name's Beach Barkers** Vendors List

To email your Vendors List, open a new Tab on your browser
At the top of your browser click the Plus next to the Vendors tab
Type **mail.google.com** in the URL on the new tab, press **Enter**

- If your Intuit ID email account does not show, click the graphic for your Intuit email account.



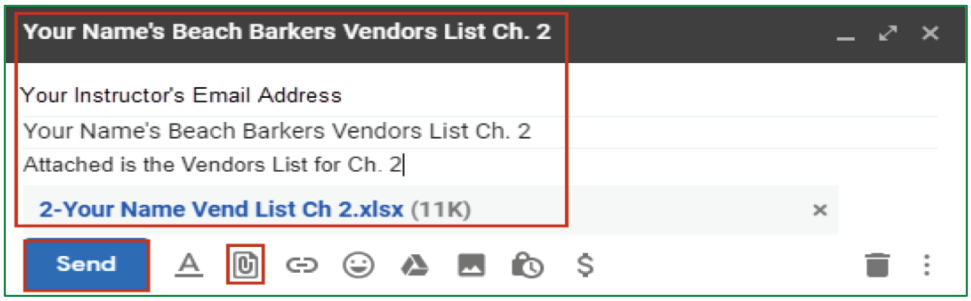
Click the **Compose** button
On the New Message screen, enter your professor's email address
On the Subject line, enter **Your Name's Beach Barkers Vendors List Ch. 2**

- Use your first initial and last name.

In the message area, key in **Attached is the Vendors List for Ch. 2**
Click the **Paperclip** icon
If necessary, double-click your Beach Barkers Excel 2019 Folder on your USB drive
Click **2-Your Name Vend List Ch 2**
Click **Open**
When the file has been attached, click the **Send** button

- If your instructor wants you to submit your work in batches, add all the file names in your message. Click the paperclip icon and select each file to be attached.

When the file(s) has/have been attached, click the **Send** button


Your Name's Beach Barkers Vendors List Ch. 2
Your Instructor's Email Address
Your Name's Beach Barkers Vendors List Ch. 2
Attached is the Vendors List for Ch. 2
2-Your Name Vend List Ch 2.xlsx (11K)
Send

Close your email account
To close Your Name's Beach Barkers:
Click the **Gear** icon
Click **Sign Out**

- All the vendors you imported and edited are saved as part of the file.

IMPORT, EDIT, ADD, AND CORRECT THE CHART OF ACCOUNTS—DRILL

The third list to be imported is the Chart of Accounts. You will use the accounts for Your Name's Beach Barkers that you downloaded to practice importing accounts into the Test Drive Company.

DRILL

Open the **Test Drive Company** following the steps presented earlier; then, practice editing and importing the Chart of Accounts from Excel

Edit Account

When importing a Chart of Accounts, it is important that the accounts QuickBooks Online generates do not conflict with the accounts you are importing. For example, if you have an expense account named Supplies and you are trying to import an asset account also named Supplies, the two accounts will be in conflict because they have the same name.

As you use the **Test Drive Company**, you will need to edit an account before you import the Chart of Accounts

Because the imported Chart of Accounts uses Supplies as an asset account, change the name of the existing expense account Supplies to **Supplies Expense**

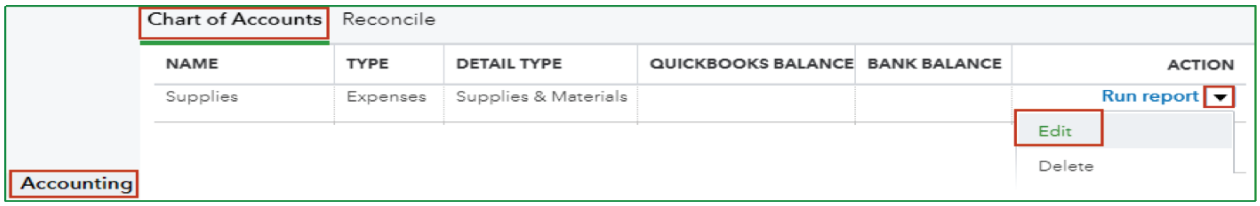
Click **Accounting** on the Navigation bar, then click **Chart of Accounts**

- In order to see your Chart of Accounts, you may need to click the **See your Chart of Accounts** button.

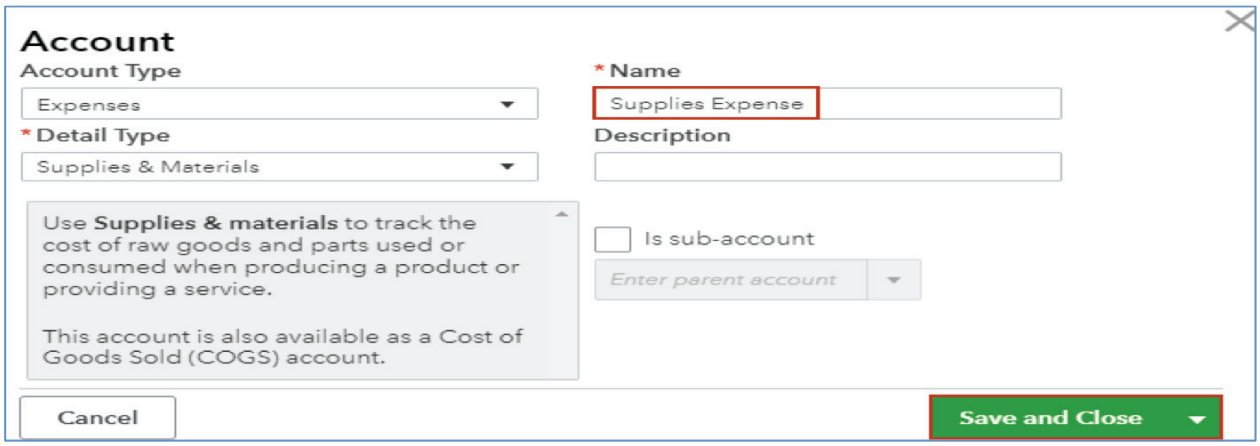
Scroll through the Chart of Accounts until you see the expense account Supplies

In the Action column, click the drop-down list arrow for Supplies

Click **Edit**



To add **Expense** to the Name: click at the end of Supplies, click a second time to remove the highlighting, press **Space**, key in the word **Expense**, press **Tab**


Account
Account Type
Expenses
* Detail Type
Supplies & Materials
* Name
Supplies Expense
Description
Use Supplies & materials to track the cost of raw goods and parts used or consumed when producing a product or providing a service.
This account is also available as a Cost of Goods Sold (COGS) account.
Is sub-account
Enter parent account
Cancel
Save and Close

Click **Save and Close**

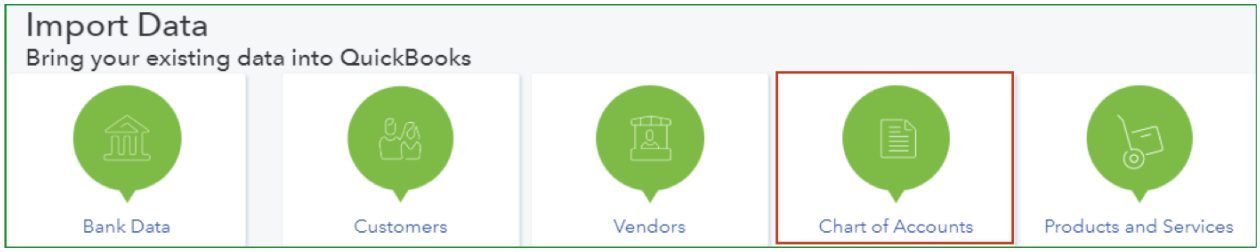
- If your screen shows Save and New, click the drop-down list arrow next to the button; then click Save and Close.

Import Chart of Accounts

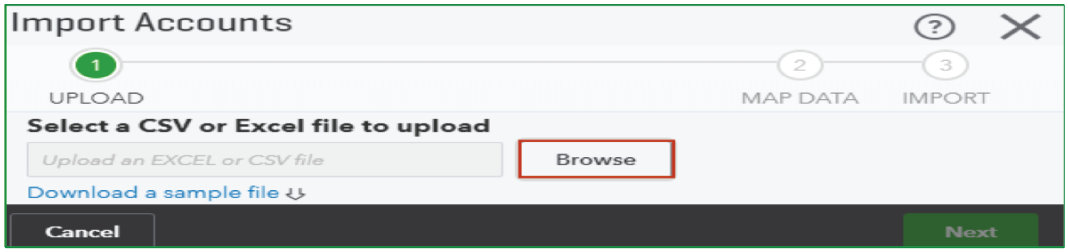
Now that conflicting account name has been changed, it is appropriate to import the Chart of Accounts.

Continue to use the **Test Drive Company** and practice importing the Chart of Accounts

Click the **Gear** icon, click **Import Data** in the Tools column, and click **Chart of Accounts**



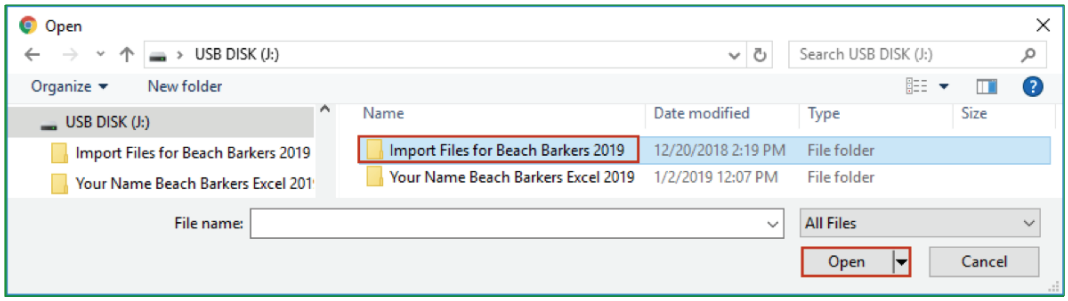
Click the **Browse** button for Select a CSV or Excel file to upload



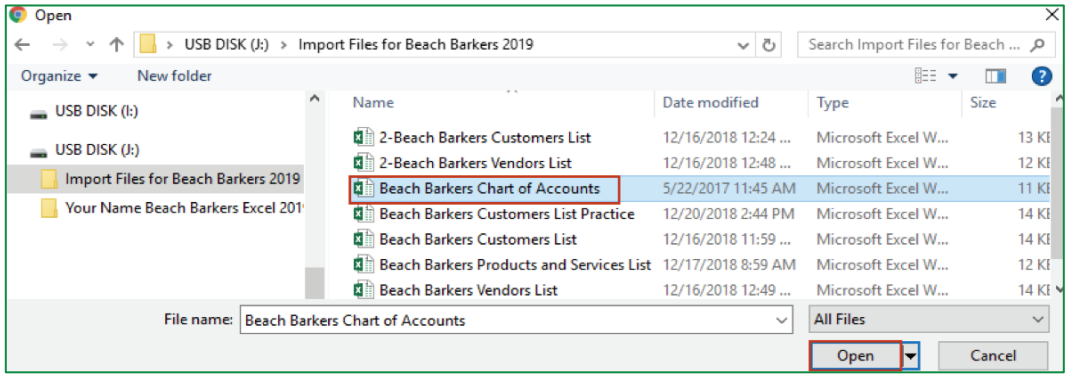
Click the location of your USB drive

- In this example, the location is (J).

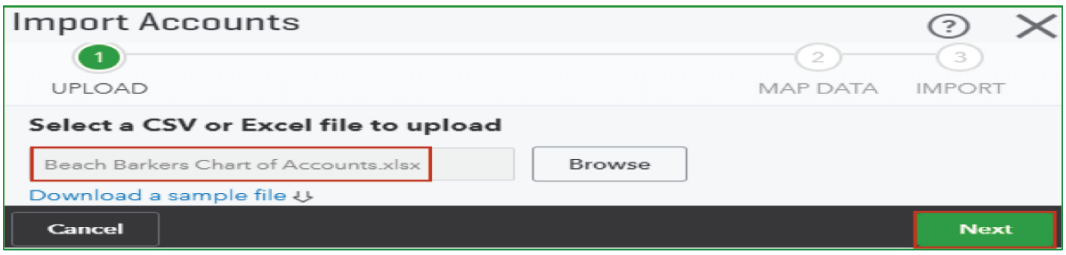
Click the folder **Import Files for Beach Barkers 2019**, then click **Open**



Click the file **Beach Barkers Chart of Accounts**
Click the **Open** button



The file name will be inserted into the text box



- If you need to select a different file, simply click the Browse button; then click the correct file.

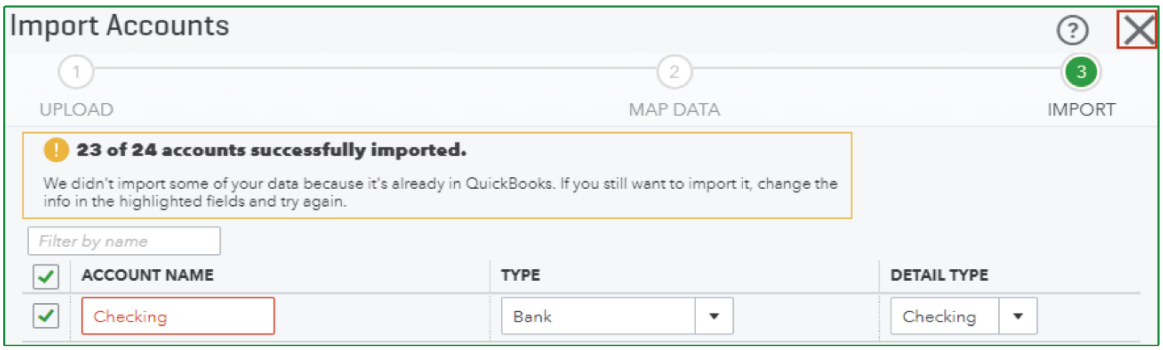
Once you have entered the name of the correct file, click the **Next** button
This screen shows the MAP DATA information used to match the data in the Excel file to the fields for QuickBooks Online
Click the **Next** button
The records for each account are shown

- As with customers and vendors, if there are errors, the information will be shown in red. You must change the marked accounts in order to import them.

Click the **Import** button

- You will see a message 23 of 24 accounts successfully imported. The error message states: The following1 accounts could not be imported because they're duplicates. Because we are using the Test Drive Company, the Chart of Accounts already contains an account for Checking.
- To import these accounts, we would have to change the names. To do this, you would click in the text box shown in red, and change the name. If the Type or Detail Type is shown in red, click the drop-down list arrow and select the appropriate Type and/or Detail Type. Do not make any changes at this time.

Click the **Close** button to end the Chart of Accounts import



Click **Yes** on the message box for: Do you want to leave without saving?
Click **Accounting** on the Navigation bar, then click **Chart of Accounts**
Scroll through the Chart of Accounts

- Did you notice the accounts you imported? Cleaning Supplies and Kennel Supplies, among others, are included in the Chart of Accounts along with the original accounts for the Test Drive Company.
- Notice that the Name, Type, Detail Type, QuickBooks Balance, and Bank Balance fields have information for all the original accounts. Your imported accounts do not have any balances shown.

Edit Chart of Accounts

Even though you have had QuickBooks setup some accounts and have imported additional accounts, many of the accounts will need to be edited. Some of the required editing includes adding Opening Balances for asset and liability accounts, changing the account Detail Type, making accounts subaccounts, adding accounts, and deleting accounts.

Continue using the **Test Drive Company** and practice adding opening balances and creating subaccounts

For this practice, you will add opening balances to Cleaning Supplies and Kennel Supplies and make them subaccounts of Supplies

Make sure the Chart of Accounts is open

- If it is not open, click **Accounting** on the Navigation bar, and then click **Chart of Accounts**.

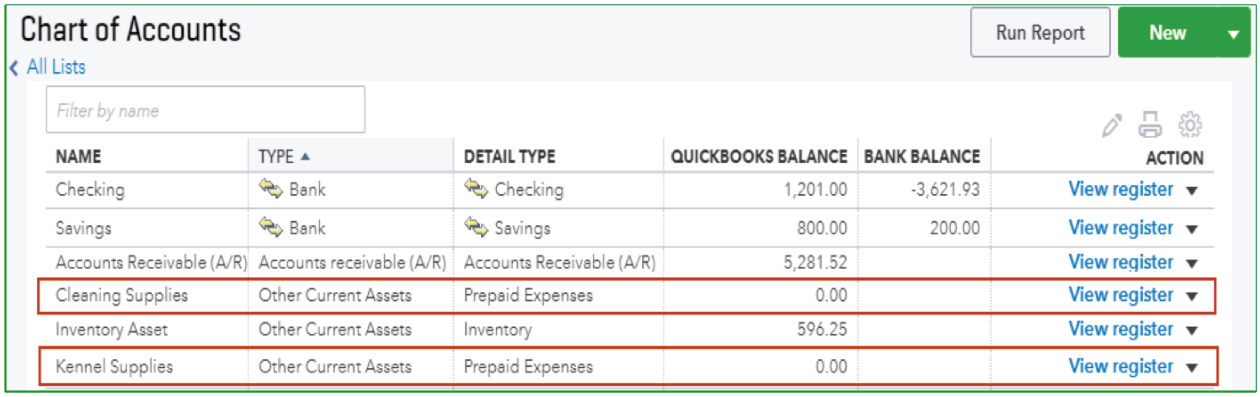


Chart of Accounts
Run Report
New
All Lists
Filter by name
NAME
TYPE
DETAIL TYPE
QUICKBOOKS BALANCE
BANK BALANCE
ACTION
Checking Bank Checking 1,201.00 -3,621.93 View register
Savings Bank Savings 800.00 200.00 View register
Accounts Receivable (A/R) Accounts receivable (A/R) Accounts Receivable (A/R) 5,281.52 View register
Cleaning Supplies Other Current Assets Prepaid Expenses 0.00 View register
Inventory Asset Other Current Assets Inventory 596.25 View register
Kennel Supplies Other Current Assets Prepaid Expenses 0.00 View register

Click the drop-down list arrow for Cleaning Supplies

Click **Edit**

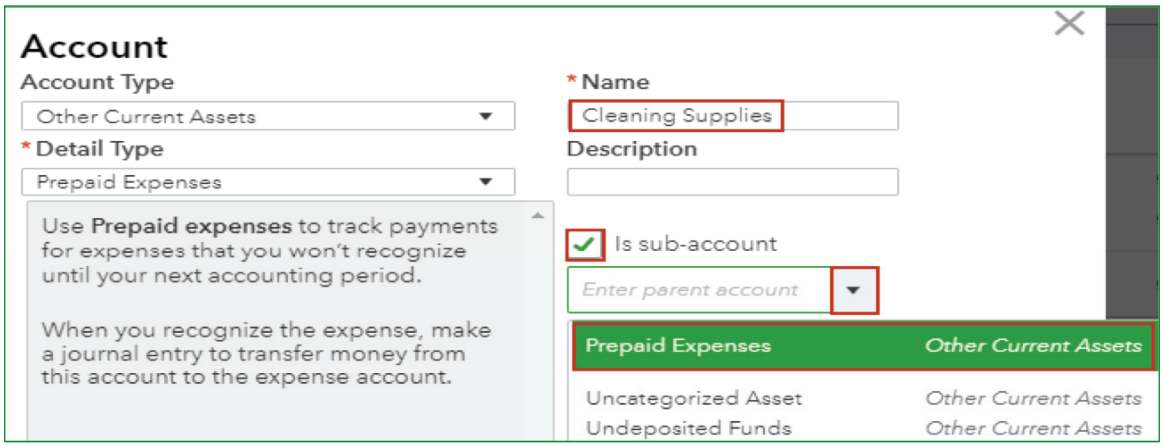
Look at the Account information for Cleaning Supplies

- Note that the Category Type is Other Current Assets—something that will be used or converted to cash within one year.
- The Detail Type is Prepaid Expenses—something that will become an expense as it is used. While you have it on hand, it is something you own so it is categorized as an asset.

Click the check box to mark **Is sub-account**

Click the drop-down list arrow, scroll through the list of accounts, click **Supplies**

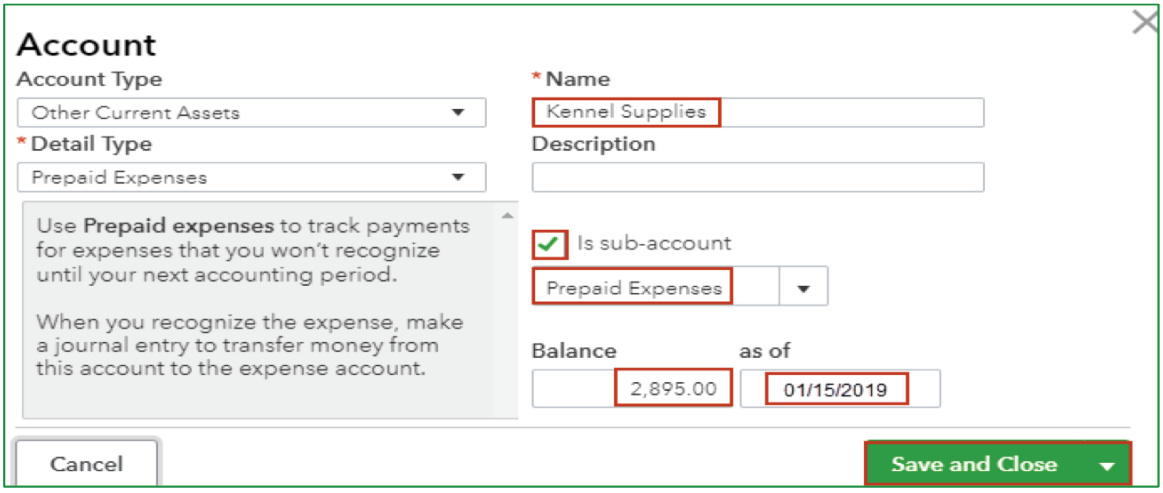
- Occasionally, the Test Drive does not show the accounts you imported in the list of accounts. If this is the case, use the account **Prepaid Expenses** for practice. This is shown in the screenshot.


Account
Account Type
Other Current Assets
*Detail Type
Prepaid Expenses
Use Prepaid expenses to track payments for expenses that you won't recognize until your next accounting period.
When you recognize the expense, make a journal entry to transfer money from this account to the expense account.
*Name
Cleaning Supplies
Description
Is sub-account
Enter parent account
Prepaid Expenses Other Current Assets
Uncategorized Asset Other Current Assets
Undeposited Funds Other Current Assets

Tab to **Balance**, enter **750**, press **Tab**

- You will see the current date. We are creating the company as of December 31, 2018 so that is the date that **must** be entered. Pay very careful attention to this or your Profit and Loss statement and other reports will be incorrect.

For **as of** enter **12/31/18**, press **Tab**
Click **Save and Close**
Repeat the steps to make Kennel Supplies a subaccount of Prepaid Expenses (or Supplies if shown) with an opening balance of **2895** as of **01/15/19**



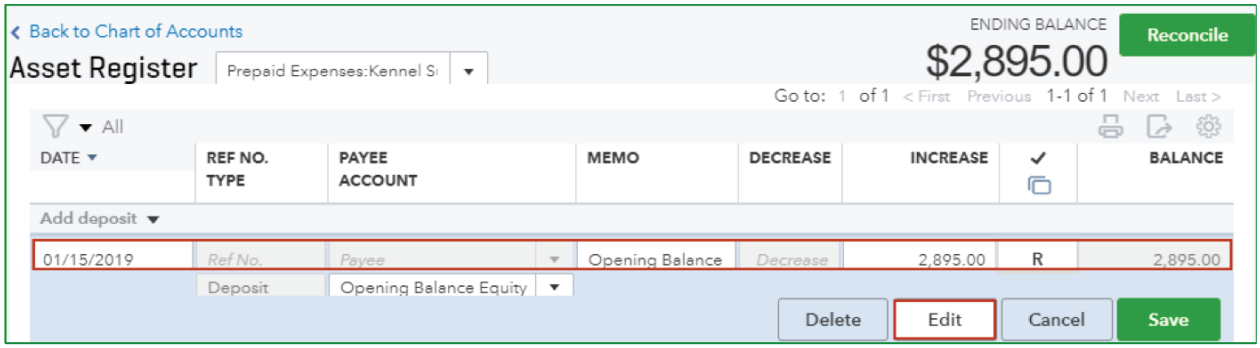
Click **Save and Close**
Continue immediately to the next section

Correct Asset Account Opening Balance Error

Sometimes errors are made when entering the Opening Balance for an account. If this happens, remember the QBO Rule: **CORRECT DON'T DELETE**. Once the opening balance and as of date have been added to an account, they are not changed by editing the account. Instead, you will need to access the Account Register from the Chart of Accounts and edit the opening balance and as of date. When you are correcting an Asset account with a type of Bank or Other Current Asset, you will be taken to a deposit to make corrections.

Continue to use the Test Drive to correct the Opening Balance Date and Amount for Kennel Supplies

To make the correction, make sure the Chart of Accounts is displayed
Click **View Register** for Kennel Supplies
Click the line containing the Opening Balance

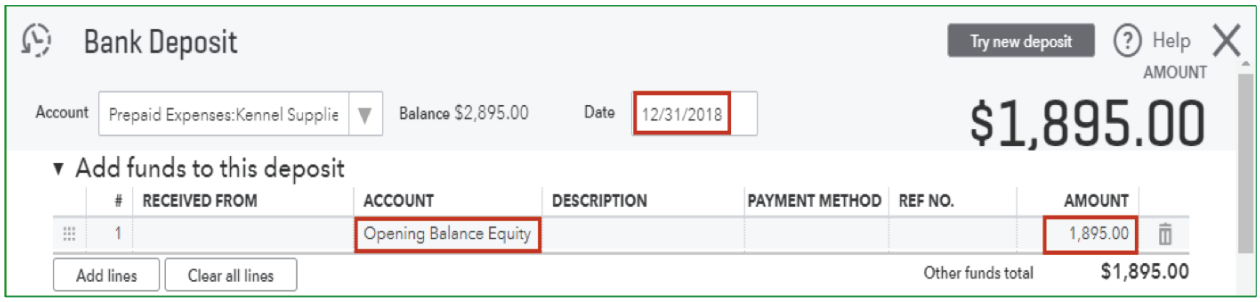


Click the **Edit** button that appears
Change the Date to **12/31/18**

- Disregard the Select Existing Payments section.

In the section for **Add New Deposits**, change the AMOUNT to **1895**, press **Tab**

- Because there is value in the amount of Kennel Supplies, you will notice that the account used is Opening Balance Equity, which ultimately increases Owner's Equity. You will work with Opening Balance Equity in upcoming chapters.



Click **Save and close**
Click **Yes** on the message about the transaction being reconciled
If necessary, click **<Back to Chart of Accounts** to return to the Chart of Accounts
View the correction in the account register and then continue to the next section

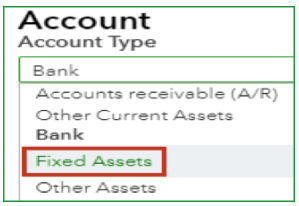
Add Fixed Assets

A fixed asset is something that you own and will have for more than a year. Typically, equipment, furniture, vehicles, and other long-lasting assets will be categorized as fixed assets. In accrual-basis accounting, a fixed asset is considered to have a portion of the value diminish each year. This is tracked by recording depreciation. At the end of a business cycle, an adjustment is made to subtract the amount of depreciation from the asset value and enter it as an expense.

Continue to use the **Test Drive Company** to practice adding a fixed asset with subaccounts for Original Cost and Depreciation

At the top of the Chart of Accounts, click the **New** button

Click the drop-down list arrow for Category Type
Click **Fixed Assets**



For Detail Type, scroll through the list, then click **Machinery & Equipment**

- QBO inserts Machinery & Equipment as the Name.

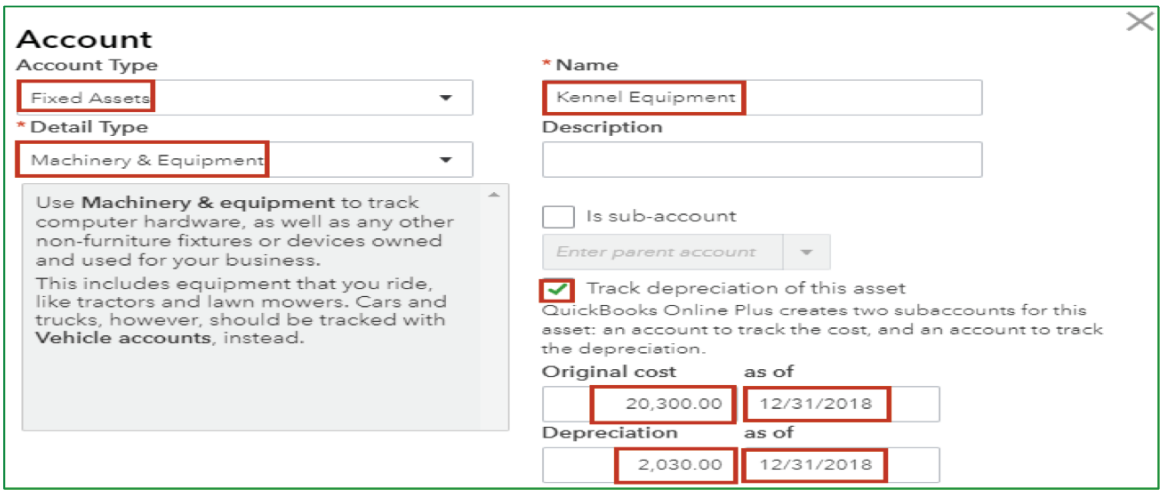
Tab to **Name**, delete **Machinery & Equipment**, and enter **Kennel Equipment**
Click the check box for Track depreciation of this asset
Enter the Original Cost **20300**

- QBO inserts the comma, decimal point, and two zeros.

Tab to **as of**, enter **123118**

- QBO inserts the /.

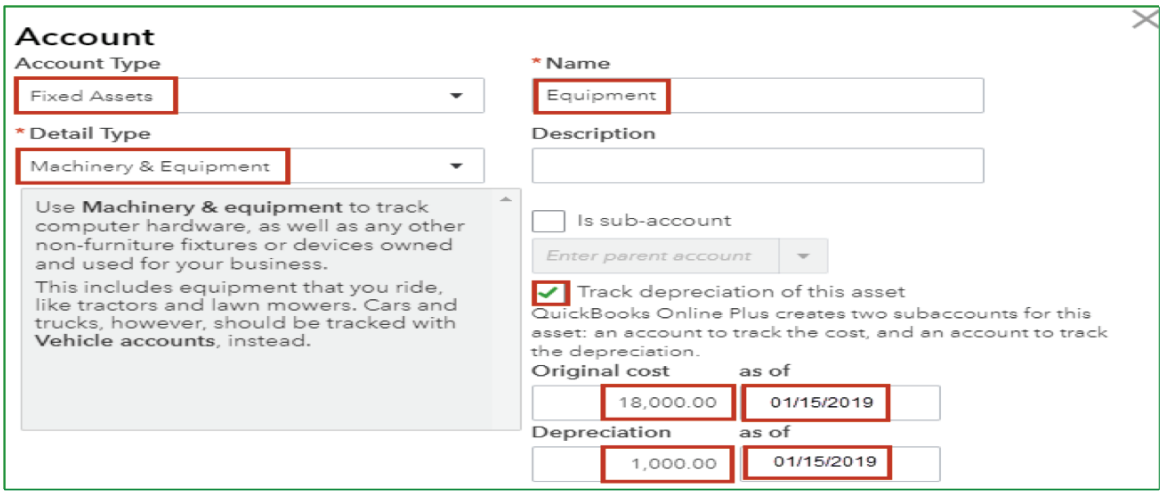
Press **Tab**
Enter the Depreciation as **2030** (do not put a **–** in front of the amount)
Tab to **as of**, enter **123118**


Account
Account Type
Fixed Assets
* Detail Type
Machinery & Equipment
Use Machinery & equipment to track computer hardware, as well as any other non-furniture fixtures or devices owned and used for your business.
This includes equipment that you ride, like tractors and lawn mowers. Cars and trucks, however, should be tracked with Vehicle accounts, instead.
* Name
Kennel Equipment
Description
Is sub-account
Enter parent account
Track depreciation of this asset
QuickBooks Online Plus creates two subaccounts for this asset: an account to track the cost, and an account to track the depreciation.
Original cost
as of
20,300.00
12/31/2018
Depreciation
as of
2,030.00
12/31/2018

Click **Save and New**

- If your screen shows Save and Close, click the drop-down list arrow next to the button; then click Save and New.

Repeat the steps to add the Fixed Asset account **Equipment**, Original Cost **18,000**, as of **01/15/19**, Depreciation **1000**, as of **011519**


Account
Account Type
Fixed Assets
*Name
Equipment
*Detail Type
Machinery & Equipment
Description
Use Machinery & equipment to track computer hardware, as well as any other non-furniture fixtures or devices owned and used for your business.
This includes equipment that you ride, like tractors and lawn mowers. Cars and trucks, however, should be tracked with Vehicle accounts, instead.
Is sub-account
Enter parent account
Track depreciation of this asset
QuickBooks Online Plus creates two subaccounts for this asset: an account to track the cost, and an account to track the depreciation.
Original cost
as of
18,000.00
01/15/2019
Depreciation
as of
1,000.00
01/15/2019

Click the drop-down list arrow for **Save and New**, click **Save and Close**
Continue with the next section immediately

Correct Fixed Asset Opening Balance Error

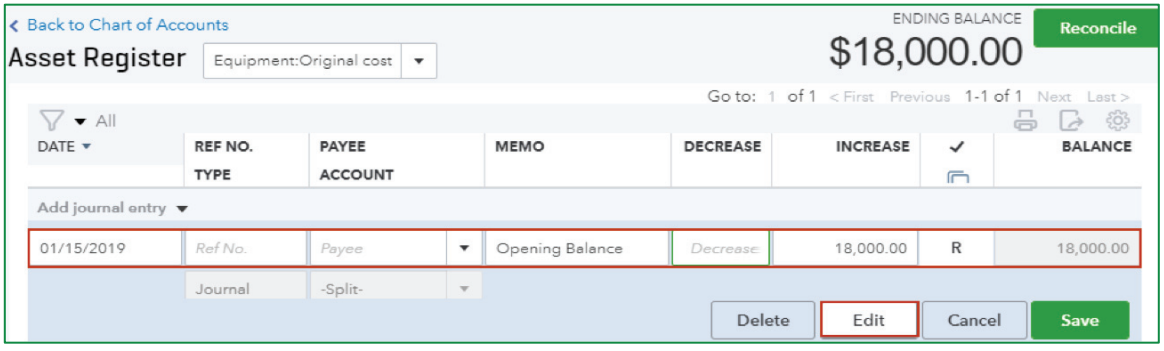
As you learned when adding opening balances to an Asset account, errors can be made and corrected. The same is true for Fixed Assets. If this happens, remember the QBO Rule: **CORRECT DON'T DELETE**. Once the opening balance and as of date have been added to an account, they cannot be changed by editing. Instead, you access the Account Register from the Chart of Accounts and edit the opening balance and as of date. The procedures for making corrections to a Fixed Asset are very similar to correcting an Asset. When you are correcting a Fixed Asset account you will be taken to a Journal entry to make corrections.

Use the Test Drive to correct the Opening Balance Date and Amount for Original Cost and Depreciation for Equipment

To make the correction, make sure the Chart of Accounts is displayed
Click **View Register** for Equipment, Original Cost

- Make sure you select the **Equipment, Original Cost** account.

Click the line containing the Opening Balance
Click the **Edit** button that appears

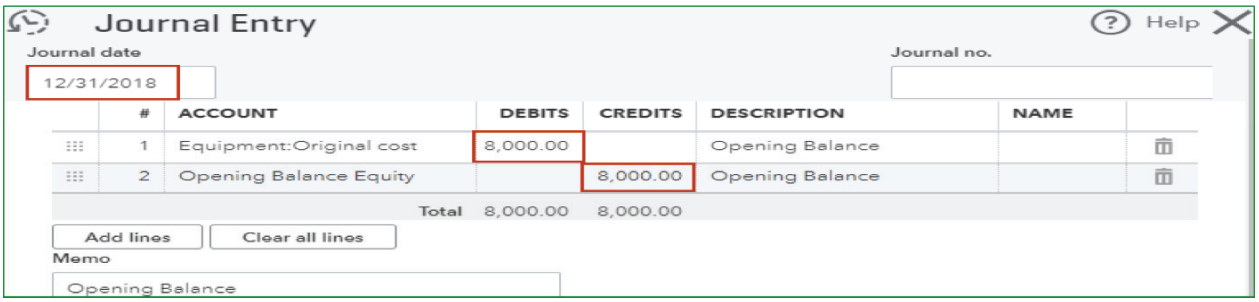


- You are taken to a Journal entry.

Change the Date to **12/31/18**

- As you learned in your accounting concepts course, each Journal entry must have a Debit and a Credit. The transaction increases the Asset Equipment: Original cost with a Debit entry and also increases the Equity account Opening Balance Equity with a Credit entry.

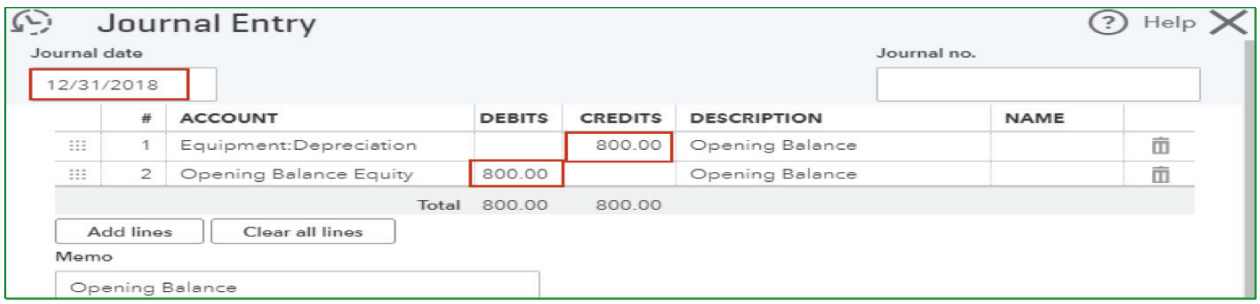
Click in the Debits column and change the amount to **8,000**, press **Tab**
Make the same change in the Credits column



Click **Save and close**

- If your screen shows Save and New, click the drop-down list arrow next to the button; then click **Save and Close**.

Click **Yes** on the message about the transaction being reconciled
View the correction in the account register
Access the Account Register for Equipment: Depreciation and change the date to **12/31/18** and the Debit and Credit amounts to **800**



Click **<Back to Chart of Accounts**
Continue to use the Test Drive Company and complete the next section

Correct Liability Opening Balance Error

As you learned when adding opening balances to asset and fixed asset accounts, errors can be made and corrected. The same is true for Liability Accounts. If this happens, remember the QBO Rule: **CORRECT DON'T DELETE**. Once the opening balance and as of date have been added to an account, they cannot be changed by editing. Instead, you access the Account Register from the Chart of Accounts and edit the opening balance and as of date. The procedures for making corrections to a Liability account are the same as correcting a Fixed Asset. As with a Fixed Asset, when you are correcting a Liability account you will be taken to a Journal entry to make corrections.

Use the Test Drive to correct the Opening Balance Date and Amount for Loan Payable

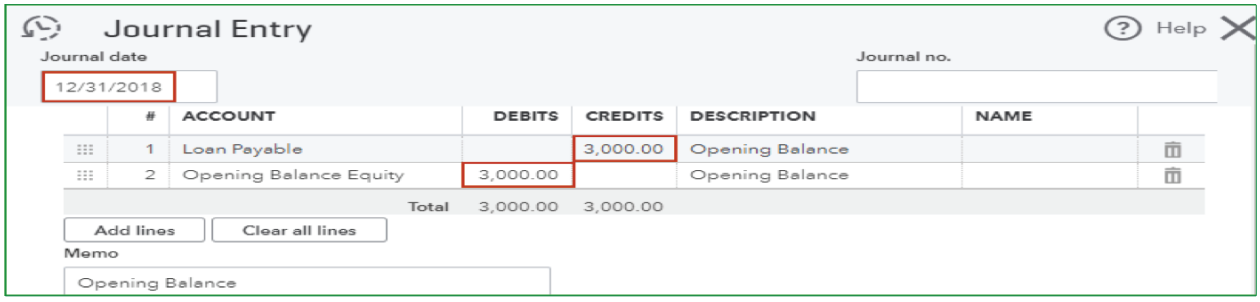
To make the correction, make sure the Chart of Accounts is displayed
Click **View Register** for Loan Payable
Click the line containing the Opening Balance
Click the **Edit** button that appears

- You are taken to a Journal entry.

Change the Date to **12/31/18**

- As you learned in your accounting concepts course, each Journal entry must have a Debit and a Credit. The transaction increases the Asset Equipment: Original cost with a Debit entry and increases the Equity account Opening Balance Equity with a Credit entry.

Click in the Debits column and change the amount to **3,000**, press **Tab**
Make the same change in the Credits column



Click **Save and close**
Click **Yes** on the message about the transaction being reconciled
View the correction in the account register
Click **<Back to Chart of Accounts**
Continue to use the Test Drive Company and complete the next section

View Edited Account Registers

After edits to accounts are made, it is important to view the accounts in the Chart of Accounts. You should make sure that the correct account balances are shown.

View the changes to the Chart of Accounts

View the information for the Prepaid Expenses account and the subaccounts Cleaning Supplies and Kennel Supplies

- In the Chart of Accounts, you will notice that the subaccounts are indented under the master account, Type is Other Current Assets, Detail Type is Prepaid Expenses, and that the QuickBooks Balance for Prepaid Expenses is the sum of the balances for the subaccounts.

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Prepaid Expenses	Other Current Assets	Prepaid Expenses	2,645.00		View register
Cleaning Supplies	Other Current Assets	Prepaid Expenses	750.00		View register
Kennel Supplies	Other Current Assets	Prepaid Expenses	1,895.00		View register

View the information for the Fixed Asset accounts

- As with Prepaid Expenses, you will notice that the Depreciation and Original cost accounts are indented under the Fixed Asset account. The Type is Fixed Assets. The Detail Type is Machinery & Equipment for both the fixed asset and original cost accounts and the Detail Type for depreciation accounts is Accumulated Depreciation. Also note that the Book Value is shown as the balance for Equipment and Kennel Equipment accounts and that the amounts for depreciation and the original cost shown beneath. (Book Value is calculated: Cost - Depreciation = Book Value)

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Equipment	Fixed Assets	Machinery & Equipment	7,200.00		View register
Depreciation	Fixed Assets	Accumulated Depreciation	-800.00		View register
Original cost	Fixed Assets	Machinery & Equipment	8,000.00		View register
Kennel Equipment	Fixed Assets	Machinery & Equipment	18,270.00		View register
Depreciation	Fixed Assets	Accumulated Depreciation	-2,030.00		View register
Original cost	Fixed Assets	Machinery & Equipment	20,300.00		View register

View the information for the Liability account Loan Payable

- Note that the Type and Detail Type for the account is Other Current Liabilities.

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Loan Payable	Other Current Liabilities	Other Current Liabilities	3,000.00		View register

Continue to use the Test Drive Company and complete the next section

Delete an Account

When creating the Chart of Accounts for the industry, QuickBooks Online added some accounts. If accounts are not appropriate for use in your business, many of them may be deleted. If you try to delete an account with a balance, QuickBooks Online will use the current date and automatically create a correcting entry in the Journal.

Use the **Test Drive Company** to practice deleting the account **Penalties & Settlements**

Scroll through the Chart of Accounts until you see the last account **Penalties & Settlements**

Click the drop-down list arrow next to Run report for Penalties & Settlements, click **Delete**

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Penalties & Settlements	Other Expense	Penalties & Settlements			Run report

Edit
Delete

Click **Yes** on the warning screen

- Notice that the account is no longer shown in the chart of Accounts.

Close the Test Drive Company

IMPORT, EDIT, AND ADD ACCOUNTS TO THE CHART OF ACCOUNTS—DO

When you created Your Name's Beach Barkers, QuickBooks Online setup a Chart of Accounts that was created for your industry. Even though we purged the company, we chose to have QuickBooks Online establish a Chart of Accounts for a Pet Care Service company.

As you did with customers and vendors, you will need to import additional accounts that will be added to the Chart of Accounts already created by QuickBooks Online. You will also need to edit accounts to change names, make subaccounts, and enter opening balances for assets and liabilities. Fixed assets will need to be created along with subaccounts for original cost and depreciation.

Now that you have practiced importing Your Name's Beach Barkers Chart of Accounts into the Test Drive Company, you will import the Chart of Accounts into Your Name's Beach Barkers. As you learned in Craig's Design and Landscaping Services, importing a Chart of Accounts involves more than the actual import. Accounts will need to be edited and added. In addition opening balances will need to be entered for Assets and Liabilities.

MEMO
DATE: January 1, 2019

Edit: Change the name of the Expense account **Supplies** to **Supplies Expense**
Import: Chart of Accounts
Add: Fixed Assets (Chart provided in that section)
Opening Balances for Assets and Liabilities (Chart provided in that section)

DO

Open **Your Name's Beach Barkers** as previously instructed and change account names, import the Chart of Accounts, add accounts, and edit accounts.

Edit Account Name

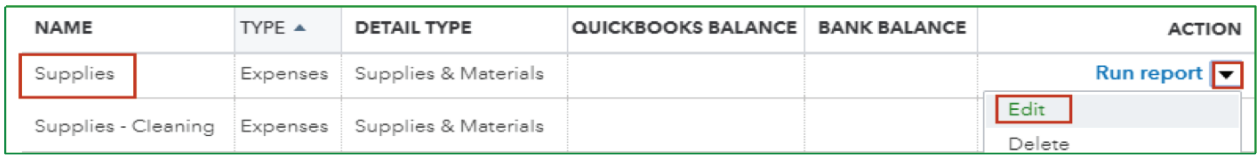
When importing a Chart of Accounts, it is important that the accounts QuickBooks Online generates do not conflict with the accounts you are importing. For example, if you have an expense account named Supplies and you are trying to import an asset account also named Supplies, the two accounts will be in conflict because they have the same name.

Use **Your Name's Beach Barkers** and change account names

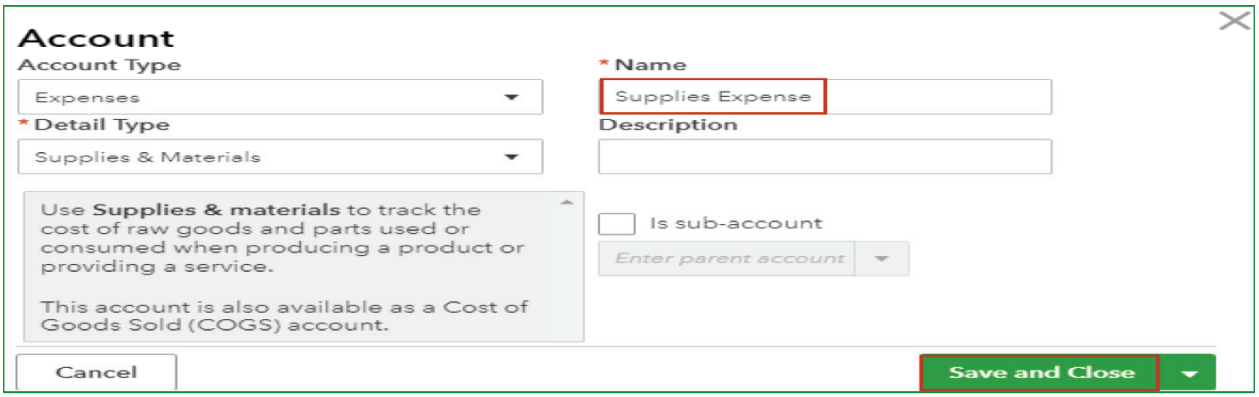
Click **Accounting** on the Navigation bar, then click **Chart of Accounts**
Scroll through the accounts until you get to the Expense account **Supplies**

- Since our imported Chart of Accounts uses Supplies as an asset account, change the name of the expense account Supplies to **Supplies Expense** prior to importing the Chart of Accounts from Excel.

Click the drop-down list arrow for **Supplies**
Click **Edit**



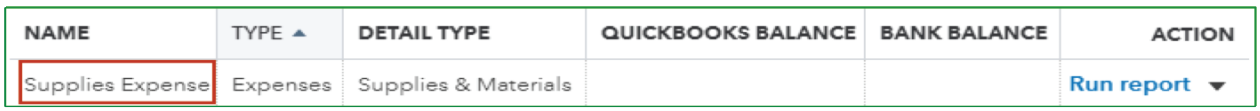
To add **Expense** to the Name: click at the end of Supplies, click a second time to remove the highlighting, press **Space**, key in the word **Expense**, press **Tab**


Account
Account Type
Expenses
* Detail Type
Supplies & Materials
Use Supplies & materials to track the cost of raw goods and parts used or consumed when producing a product or providing a service.
This account is also available as a Cost of Goods Sold (COGS) account.
* Name
Supplies Expense
Description
Is sub-account
Enter parent account
Cancel
Save and Close

Click **Save and Close**

- If your screen shows Save and New, click the drop-down list arrow next to the button; then click Save and Close.

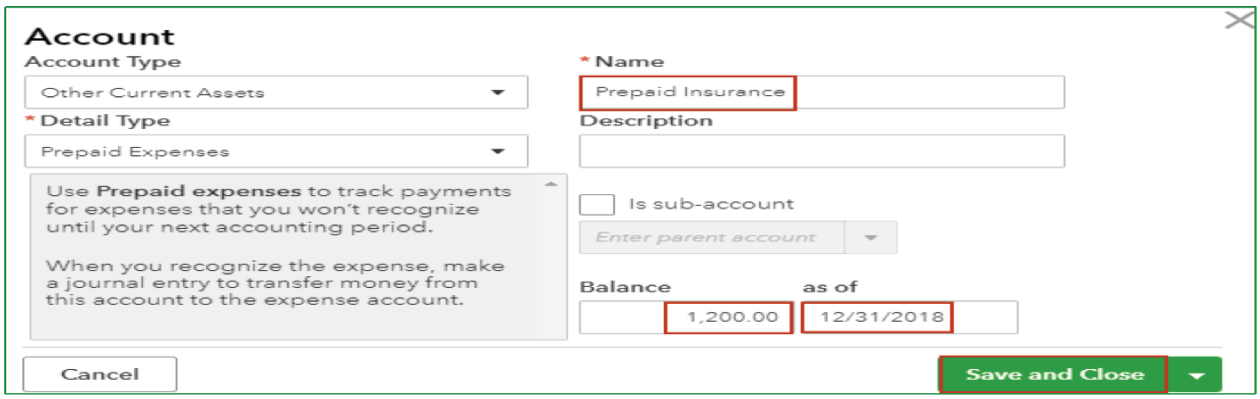
View the result in the Chart of Accounts



Repeat the steps above to rename the asset **Prepaid Expenses** to **Prepaid Insurance**

- The Detail Type is Prepaid Expenses—A Prepaid Expense is an expense that is paid for in advance and will be used within one year. While you have it on hand, it is something you own so it is categorized as an asset. As it is used up, the amount used will become an expense.

To enter the Balance for Prepaid Insurance, click in the Balance text box, enter **1200** Tab to as of and enter **123118**, press **Tab**



Click **Save and Close**

- If Save and New is showing, click the drop-down list arrow and select Save and Close.

View the account in the Chart of Accounts

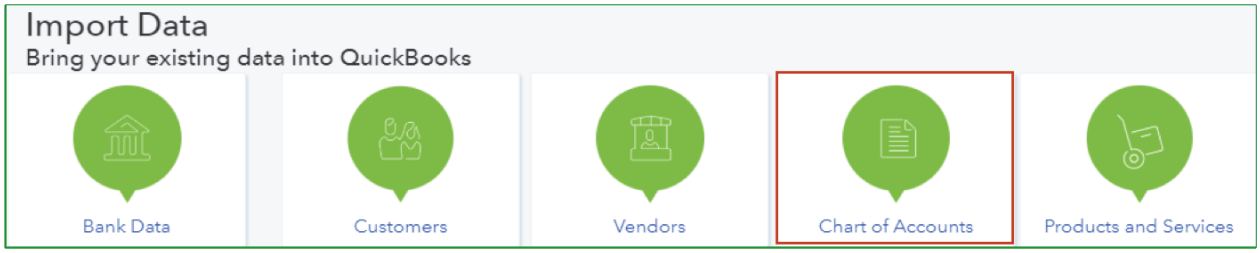
Continue to use Your Name's Beach Barkers to complete the next section

Import Chart of Accounts

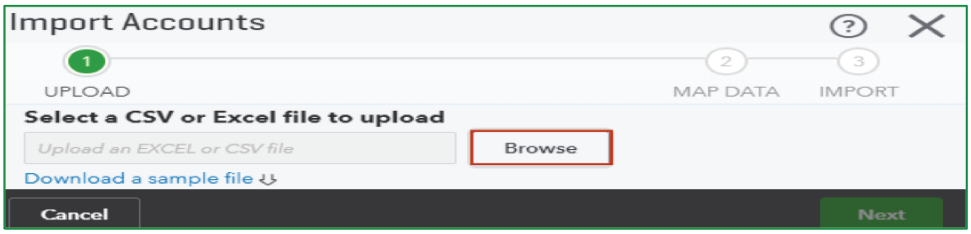
Now that conflicting account names have been changed, it is appropriate to import the Chart of Accounts.

Use **Your Name's Beach Barkers** and import the Chart of Accounts

Click the **Gear** icon, click **Import Data** in the Tools column, and then click **Chart of Accounts**



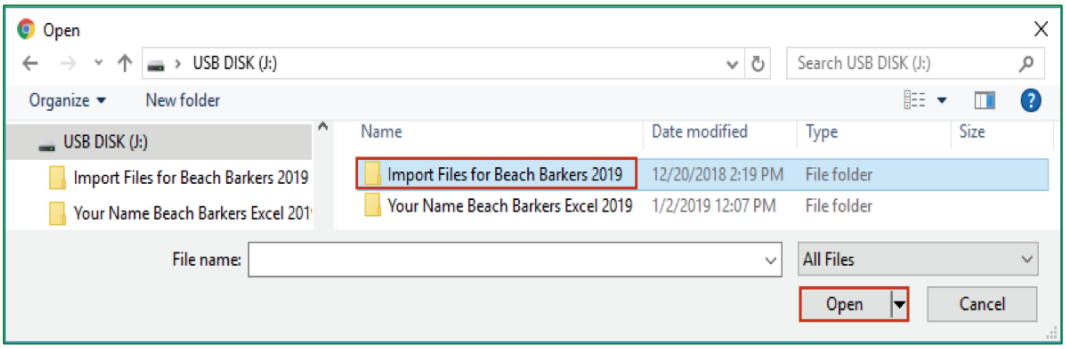
Click the **Browse** button for Select a CSV or Excel file to upload



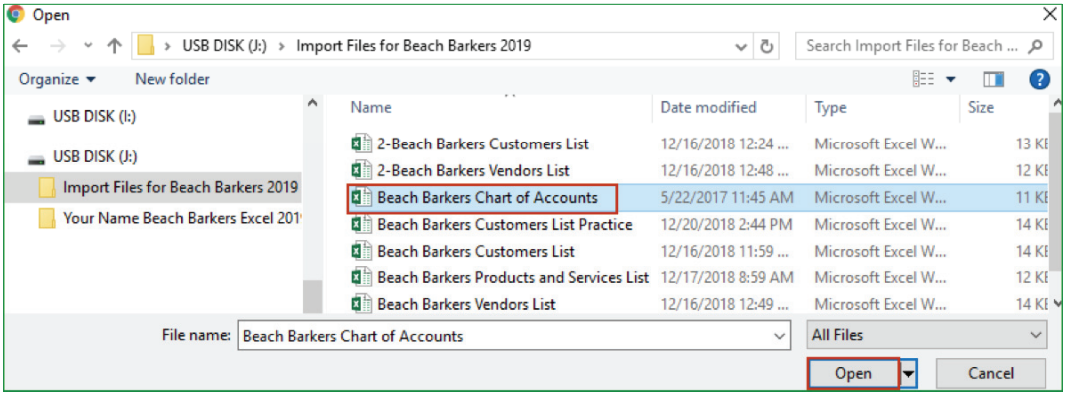
Click the location of your USB drive

- In this example, the location is (J:).

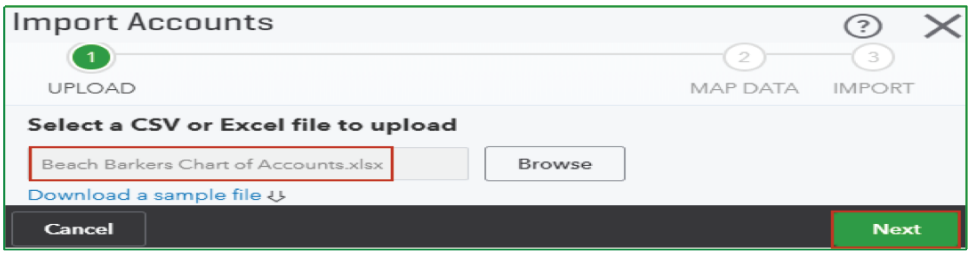
Click the folder **Import Files for Beach Barkers 2019**, then click the **Open** button



Click the file **Beach Barkers Chart of Accounts**, then click the **Open** button


Open
USB DISK (J:) › Import Files for Beach Barkers 2019
Search Import Files for Beach ...
Organize
New folder
USB DISK (I:)
USB DISK (J:)
Import Files for Beach Barkers 2019
Your Name Beach Barkers Excel 201
Name
Date modified
Type
Size
2-Beach Barkers Customers List 12/16/2018 12:24 ... Microsoft Excel W... 13 KB
2-Beach Barkers Vendors List 12/16/2018 12:48 ... Microsoft Excel W... 12 KB
Beach Barkers Chart of Accounts 5/22/2017 11:45 AM Microsoft Excel W... 11 KB
Beach Barkers Customers List Practice 12/20/2018 2:44 PM Microsoft Excel W... 14 KB
Beach Barkers Customers List 12/16/2018 11:59 ... Microsoft Excel W... 14 KB
Beach Barkers Products and Services List 12/17/2018 8:59 AM Microsoft Excel W... 12 KB
Beach Barkers Vendors List 12/16/2018 12:49 ... Microsoft Excel W... 14 KB
File name: Beach Barkers Chart of Accounts
All Files
Open
Cancel

The file name will be inserted into the text box



- If you need to select a different file, simply click the Browse button; then click the correct file.

Once you have entered the name of the correct file, click the **Next** button

- This screen shows the MAP DATA information used to match the data in the Excel file to the fields for QuickBooks Online.

Click the **Next** button

The records for each account are shown

- As with customers and vendors, if there are errors, the information will be shown in red. You must change the marked accounts in order to import them.

You will get a message that 24 records are ready to be imported

Click the **Import** button

You will see a message that 24 of 24 accounts successfully imported

- If you get an error message that any of the accounts cannot be imported, change the information shown in red. If you need to change an account name, click in the text box shown in red; and then change the name. If the Type or Detail Type is shown in red, click the drop-down list arrow and select the appropriate Type and/or Detail Type.

Click **Accounting** on the Navigation bar on the left side of the screen, click **Chart of Accounts**, and scroll through the Chart of Accounts

- Did you notice the accounts you imported?
- Notice that the Name, Type, Detail Type, QuickBooks Balance, and Bank Balance fields have information for all the accounts, including the new ones.

Edit Chart of Accounts

Even though you have had QuickBooks setup some accounts and have imported additional ones, many of the accounts will need to be edited. Some of the required editing includes adding Opening Balances for asset and liability accounts, changing the account Detail Type, and making accounts subaccounts. In addition, there will still be accounts that need to be added and other accounts will need to be deleted.

Use **Your Name's Beach Barkers** and edit the Chart of Accounts

With the Chart of Accounts still showing on the screen, edit the asset and liability accounts shown in the following chart, make subaccounts as indicated, add opening balances, and add As of dates

- Only the asset and liability accounts will be edited at this point. Other accounts will need to be edited after the Products and Services are imported.

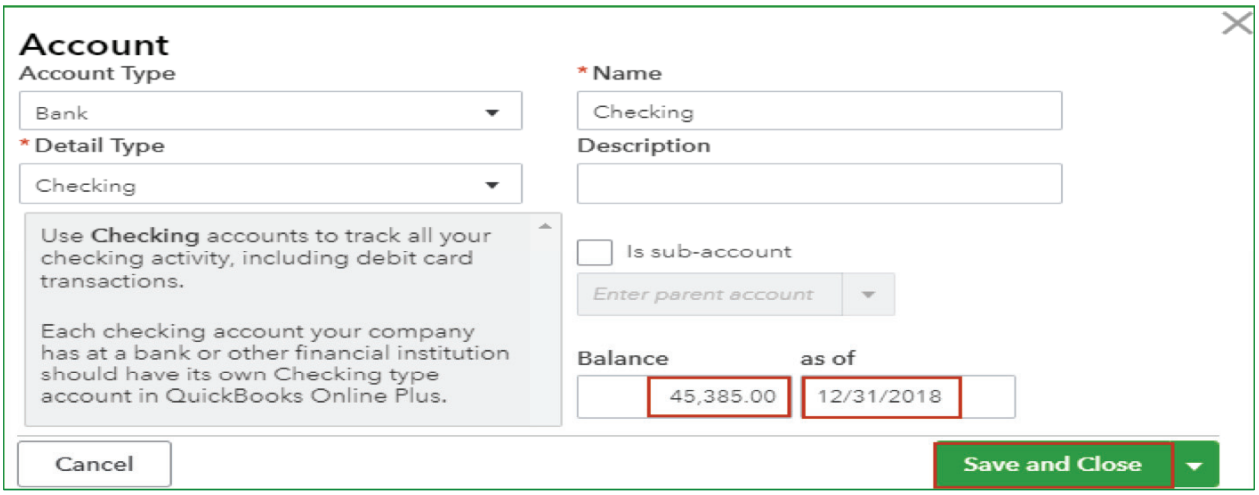
Account	Type	Detail Type	Subaccount of:	Opening Balance	As of Date
Checking	Bank	Checking		45,385.00	12/31/18
Cleaning Supplies	Other Current Assets	Prepaid Expenses	Supplies	750.00	12/31/18
Kennel Supplies	Other Current Assets	Prepaid Expenses	Supplies	1,895.00	12/31/18
Office Supplies	Other Current Assets	Prepaid Expenses	Supplies	350.00	12/31/18
Sales Supplies	Other Current Assets	Prepaid Expenses	Supplies	500.00	12/31/18
Equipment Loan	Long Term Liabilities	Notes Payable	Loans Payable	2,000.00	12/31/18
Furniture & Fixtures Loan	Long Term Liabilities	Notes Payable	Loans Payable	2,500.00	12/31/18

In the Chart of Accounts, click the drop-down list arrow for **Checking**, click **Edit**
Click in the text box for **Balance**, enter **45385** for the Balance

- QBO inserts the comma, decimal point, and two zeros.

Tab to **as of**, enter **123118**, press **Tab** (This is **EXTREMELY** important!)

- QBO inserts the /.

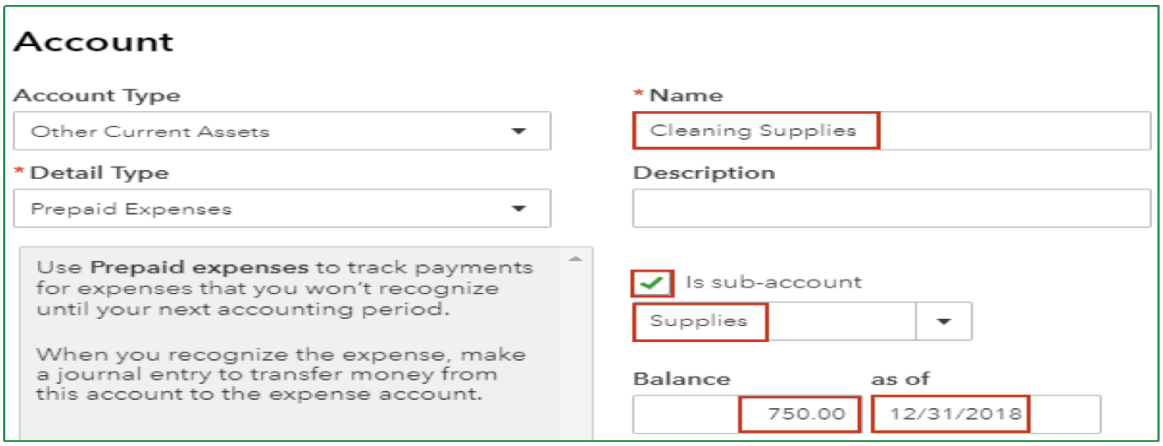


Click **Save and Close**

- If Save and New is shown, click the drop-down list arrow; then click Save and Close.

Make Cleaning Supplies a subaccount of Supplies, add the Balance, and as of date:

Click the drop-down list arrow for **Cleaning Supplies**, click **Edit**
Click the check box for **Is sub-account**
Click the drop-down list arrow, click the asset account **Supplies**
Tab to **Balance**, enter **750**, tab to **as of**, enter **123118**, press **Tab**



Click **Save and Close**

Repeat for the remaining assets and liabilities shown in the chart

When all changes to assets and liabilities have been entered, your Chart of Accounts should show the following:

- For better display of the Chart of Accounts, the print version of the assets and liabilities is shown in the following screenshot.
- Note: Supplies shows a balance that represents the total of all its subaccounts and Loans Payable shows a balance that represents the total of all its subaccounts.
- If you make a mistake when entering any of the opening balances, refer to the Drills in the Test Drive for correcting errors in opening balances.

Current Date

Chart of Accounts

Your Name's Beach Barkers

Chart of Accounts

Name	Type	Detail Type	Balance	Bank Balance
Checking	Bank	Checking	45,385.00	
Accounts Receivable (A/R)	Accounts receivable (A/R)	Accounts Receivable (A/R)	27,500.00	
Inventory Asset	Other Current Assets	Inventory	0.00	
Prepaid Insurance	Other Current Assets	Prepaid Expenses	1,200.00	
Supplies	Other Current Assets	Prepaid Expenses	3,495.00	
Cleaning Supplies	Other Current Assets	Prepaid Expenses	750.00	
Kennel Supplies	Other Current Assets	Prepaid Expenses	1,895.00	
Office Supplies	Other Current Assets	Prepaid Expenses	350.00	
Sales Supplies	Other Current Assets	Prepaid Expenses	500.00	
Uncategorized Asset	Other Current Assets	Other Current Assets	0.00	
Undeposited Funds	Other Current Assets	Undeposited Funds	0.00	
Accounts Payable (A/P)	Accounts payable (A/P)	Accounts Payable (A/P)	5,300.00	
Payroll Liabilities	Other Current Liabilities	Payroll Tax Payable	0.00	
Loans Payable	Long Term Liabilities	Notes Payable	4,500.00	
Equipment Loan	Long Term Liabilities	Notes Payable	2,000.00	
Furniture & Fixtures Loan	Long Term Liabilities	Notes Payable	2,500.00	

Add Fixed Assets

As mentioned in the drill, a fixed asset is something that you own and will have for more than a year. Typically, equipment, furniture, vehicles, and other long-lasting assets will be categorized as fixed assets. In accrual-basis accounting, a fixed asset is considered to have a portion of the value diminish each year. This is tracked by recording depreciation. At the end of a business cycle, an adjustment is made to subtract the amount of depreciation from the asset value and enter it as an expense.

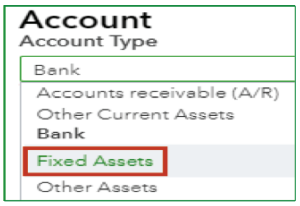
Continue to use **Your Name's Beach Barkers** and add Fixed Assets

Use the following chart to add fixed assets with subaccounts for Original Cost and Depreciation

Type	Detail Type	Account	Original Cost	As of	Depreciation	As of
Fixed Assets	Machinery & Equipment	Equipment	8,000	12/31/18	800	12/31/18
Fixed Assets	Furniture & Fixtures	Furniture & Fixtures	15,000	12/31/18	1,500	12/31/18
Fixed Assets	Machinery & Equipment	Kennel Equipment	20,300	12/31/18	2,030	12/31/18
Fixed Assets	Vehicles	Vehicles	32,000	12/31/18	3,200	12/31/18

At the top of the Chart of Accounts, click the **New** button

Click the drop-down list arrow for Category Type
Click **Fixed Assets**



For Detail Type, scroll through the list of choices, and then click **Machinery & Equipment**

- QBO inserts Machinery & Equipment as the Name.

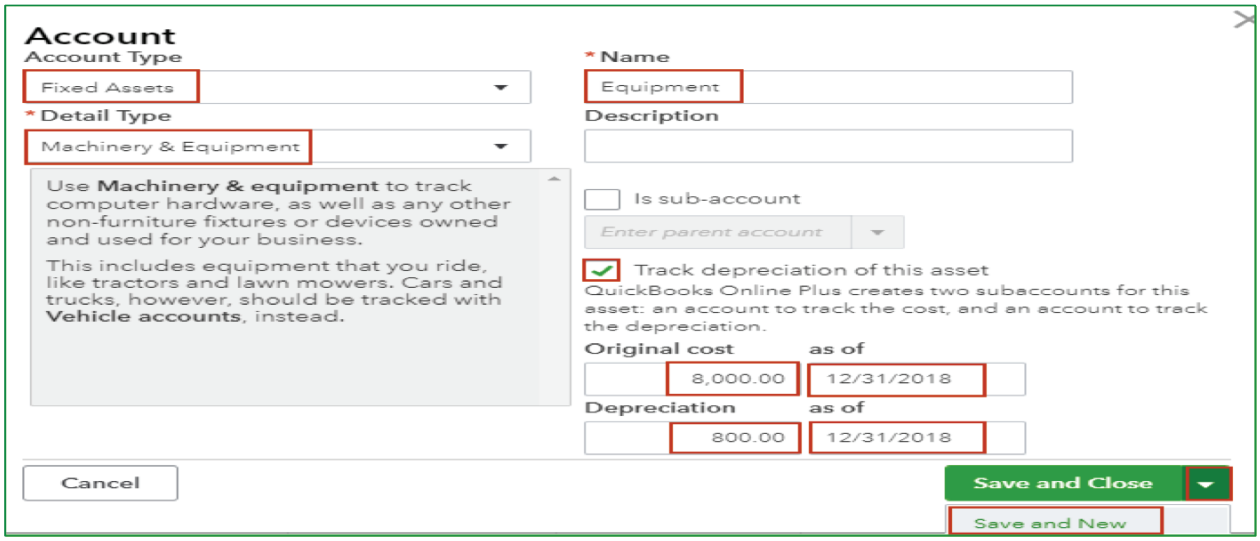
Change the Name to **Equipment**
Click the check box to mark Track depreciation of this asset
Click in the text box for Original Cost, enter **8000**

- QBO inserts the comma, decimal point, and two zeros.

Tab to **as of**, enter **123118**

- QBO inserts the /.

Press **Tab**
Enter the Depreciation as **800** (do not put a **–** in front of the amount)
Tab to **as of**, enter **123118**


Account
Account Type
Fixed Assets
* Detail Type
Machinery & Equipment
Use Machinery & equipment to track computer hardware, as well as any other non-furniture fixtures or devices owned and used for your business.
This includes equipment that you ride, like tractors and lawn mowers. Cars and trucks, however, should be tracked with Vehicle accounts, instead.
* Name
Equipment
Description
Is sub-account
Enter parent account
Track depreciation of this asset
QuickBooks Online Plus creates two subaccounts for this asset: an account to track the cost, and an account to track the depreciation.
Original cost
8,000.00
as of
12/31/2018
Depreciation
800.00
as of
12/31/2018
Cancel
Save and Close
Save and New

Click **Save and New**
Repeat the steps to add **Furniture & Fixtures**, **Kennel Equipment**, and **Vehicles**
After adding Vehicles, click **Save and Close**
View the fixed assets in the Chart of Accounts:

Name	Type	Detail Type	Balance	Bank Balance
Equipment	Fixed Assets	Machinery & Equipment	7,200.00	
Depreciation	Fixed Assets	Accumulated Depreciation	-800.00	
Original cost	Fixed Assets	Machinery & Equipment	8,000.00	
Furniture & Fixtures	Fixed Assets	Furniture & Fixtures	13,500.00	
Depreciation	Fixed Assets	Accumulated Depreciation	-1,500.00	
Original cost	Fixed Assets	Furniture & Fixtures	15,000.00	
Kennel Equipment	Fixed Assets	Machinery & Equipment	18,270.00	
Depreciation	Fixed Assets	Accumulated Depreciation	-2,030.00	
Original cost	Fixed Assets	Machinery & Equipment	20,300.00	
Vehicles	Fixed Assets	Vehicles	28,800.00	
Depreciation	Fixed Assets	Accumulated Depreciation	-3,200.00	
Original cost	Fixed Assets	Vehicles	32,000.00	

- If you make a mistake when entering any of the opening balances, refer to the Drill in the Test Drive for correcting errors in Fixed Asset opening balances.
- There are more changes that need to be made to the Chart of Accounts. These will be completed after your Products and Services List has been imported.

Close Your Name's Beach Barkers as previously instructed

IMPORT PRODUCTS AND SERVICES LIST—DRILL

The last list to be imported is the one that contains the products and services you sell. QuickBooks Online uses the Products and Services List to match the items sold with appropriate income accounts. When recording transactions, you select the product/service sold and QuickBooks Online records the amount of the sale in the income account that was selected for the product/service.

When working in the Test Drive Company, many products and services are shown. As you did with the other imported lists, you will practice importing using the **Test Drive Company**, Craig's Design and Landscaping Services, before importing the list into Your Name's Beach Barkers.

DRILL

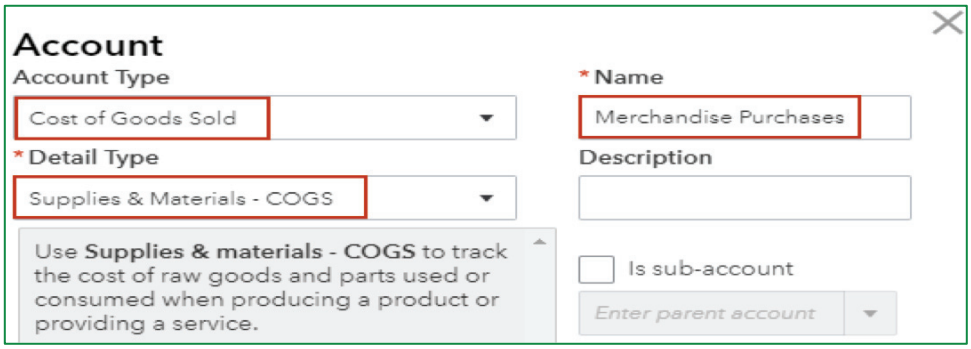
Open the **Test Drive Company** following the steps presented earlier; then, import the Products and Services List from Excel

Add a new account prior to importing the Products and Services List

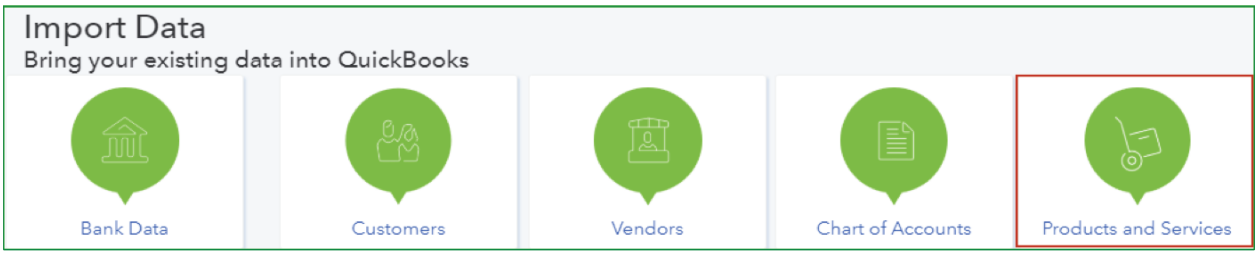
- Remember, when we closed the Test Drive Company, all of the imported accounts were erased. Since we are not reimporting the Chart of Accounts, all of the products and services will have accounts marked in red and will not be able to be imported. As a result, you will add one additional account so that you can practice importing the Product and Services List.

Open the Chart of Accounts as previously instructed
Click **New**
Click the drop-down list arrow for Category Type, click **Cost of Goods Sold**
For Detail Type, click **Supplies & Materials-COGS**
Enter the Name **Merchandise Purchases**

- This account will be used to record the amounts for merchandise that are purchased for resale.
- Normally, this account is a sub-account of Cost of Goods Sold. Since data cannot be imported into a sub-account, you will not assign this account as a sub-account.


Account
Account Type
Cost of Goods Sold
*Detail Type
Supplies & Materials - COGS
Use Supplies & materials - COGS to track the cost of raw goods and parts used or consumed when producing a product or providing a service.
*Name
Merchandise Purchases
Description
Is sub-account
Enter parent account

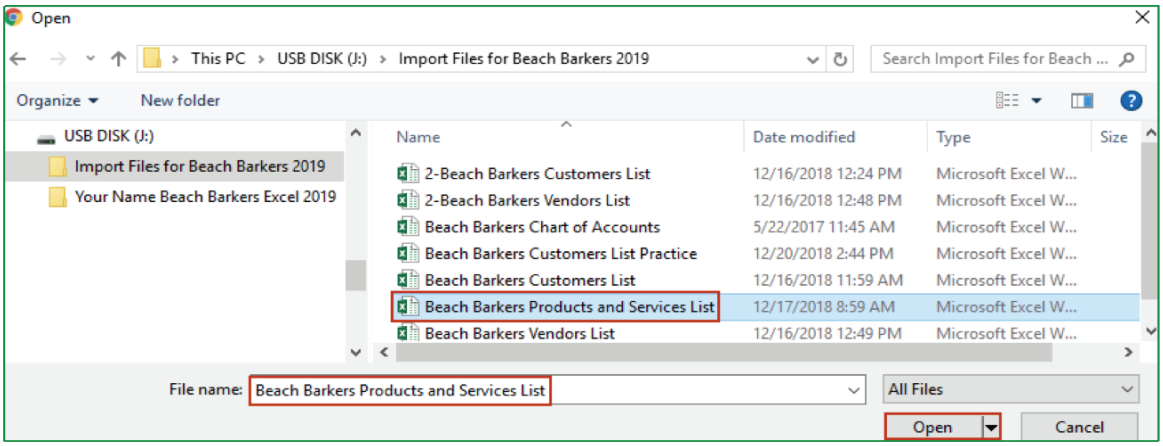
Click **Save and Close**
Click the **Gear** icon, click **Import Data** in the Tools column, and click **Products and Services**



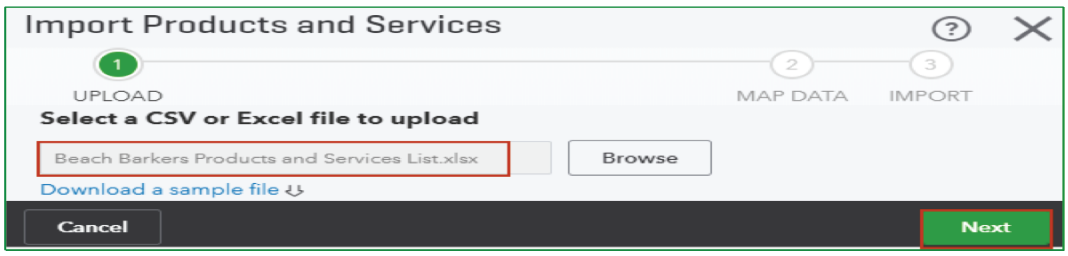
Click the **Browse** button for Select a CSV or Excel file to upload
Click the location of your USB drive

- (J:) in this example.

If necessary, double-click the folder **Import Files for Beach Barkers 2019**
Click the file **Beach Barkers Products and Services List**, then click the **Open** button


Open
This PC › USB DISK (J:) › Import Files for Beach Barkers 2019
Search Import Files for Beach ...
Organize
New folder
USB DISK (J:)
Import Files for Beach Barkers 2019
Your Name Beach Barkers Excel 2019
Name
Date modified
Type
Size
2-Beach Barkers Customers List 12/16/2018 12:24 PM Microsoft Excel W...
2-Beach Barkers Vendors List 12/16/2018 12:48 PM Microsoft Excel W...
Beach Barkers Chart of Accounts 5/22/2017 11:45 AM Microsoft Excel W...
Beach Barkers Customers List Practice 12/20/2018 2:44 PM Microsoft Excel W...
Beach Barkers Customers List 12/16/2018 11:59 AM Microsoft Excel W...
Beach Barkers Products and Services List 12/17/2018 8:59 AM Microsoft Excel W...
Beach Barkers Vendors List 12/16/2018 12:49 PM Microsoft Excel W...
File name: Beach Barkers Products and Services List
All Files
Open
Cancel

The file name will be inserted into the text box



Click the **Next** button
Since nothing is highlighted in red, click **Next** on MAP DATA
Scroll through Items shown on the IMPORT screen

- Notice that the service items have the Income Acct in red.
- Since we did not re-import the Chart of Accounts, some of the accounts used in the Products and Services List are missing and are marked in red.

Scroll through the Products and Services List

- Notice that none of the inventory items are marked. This is because we added the account Merchandise Purchases.
- Since this is practice, we will disregard the items that have anything shown in red.

SELL	BUY	TRACK	NAME	SKU	TYPE	SALES DESC	SALES PRICE/ RATE	TAXABLE	INCOME ACCT	PURCHASE DESC	PURCHASE COST	EXPENSE ACCT
✓			Training 1		Service	One-Hour Session	75	No	Training			Purchases - Expenses
✓	✓	✓	Collars		Inventory	Collars		No	Sales of	Collars	10.00	Merchandise Purchases

Click the **Import** button to import the 15 records that are ready to be imported
- You will get a message stating "9 of 15 products and services successfully imported."

Click the **Close** button at the top-right of the Import screen
Click **Yes** on the message box asking Do you want to leave without saving?
Click the **Gear** icon, click **Products and Services** in the Lists column, or click **Sales** or **Invoices** on the Navigation bar and click **Products and Services**
Scroll through the Products and Services List
- Notice that inventory items appear in the list, but service items do not.

Click the **Gear** icon, click **Sign out**, then close the Test Drive Company

IMPORT, EDIT, AND PRINT/EXPORT THE PRODUCTS AND SERVICES LIST—DO

Now that you have practiced importing the Products and Services List, you will import it into Your Name's Beach Barkers. Remember, products and services are used to identify the item sold or the service performed in a business. Once you have successfully imported your list, you will edit an item to assign the correct income account. Finally, you will print, export, and/or submit your Products and Services List.

MEMO
DATE: January 1, 2019

Edit a Service item: **Hours** and change the Income account to **Hours**
Import the Products and Services List

DO

Open **Your Name's Beach Barkers** following the steps presented earlier and import the Products and Services List from Excel

Edit an Item

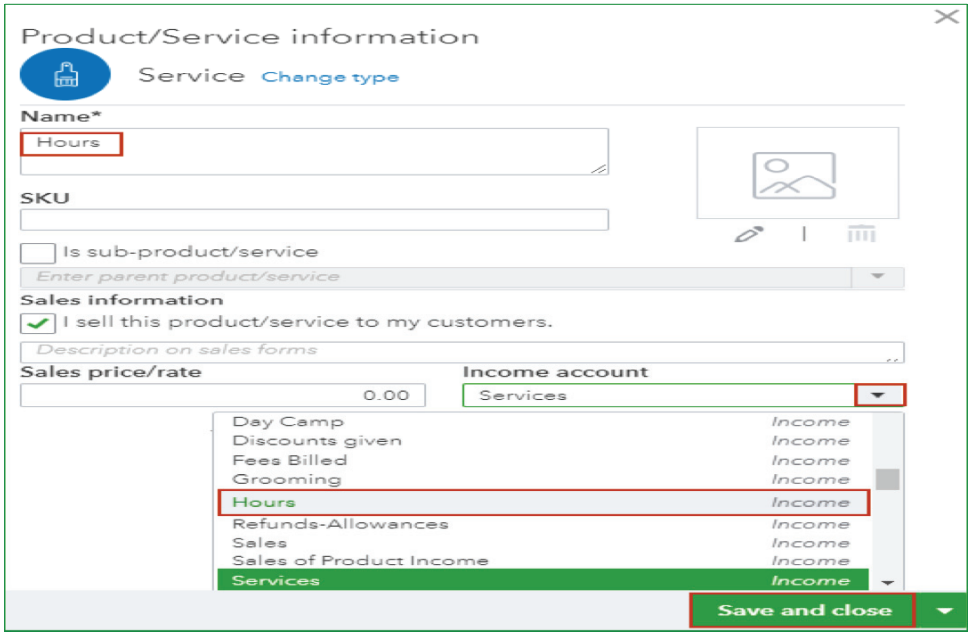
Before importing the Products and Services List into **Your Name's Beach Barkers**, edit the item Hours and link it to the appropriate income account

Once Your Name's Beach Barkers is open, click the **Gear** icon or click **Sales** or **Invoices** on the Navigation bar
- Before importing the Products and Services List, it is important to view and, if necessary, edit the existing list.

Click **Products and Services** in the List Column or in the Sales or Invoices section of the Navigation bar
- Note that there are two items shown: Hours and Services.

To link the item Hours to the appropriate income account, click **Edit** next to Hours
Click the drop-down list arrow for Income account

Scroll through the accounts shown, click the income account **Hours**



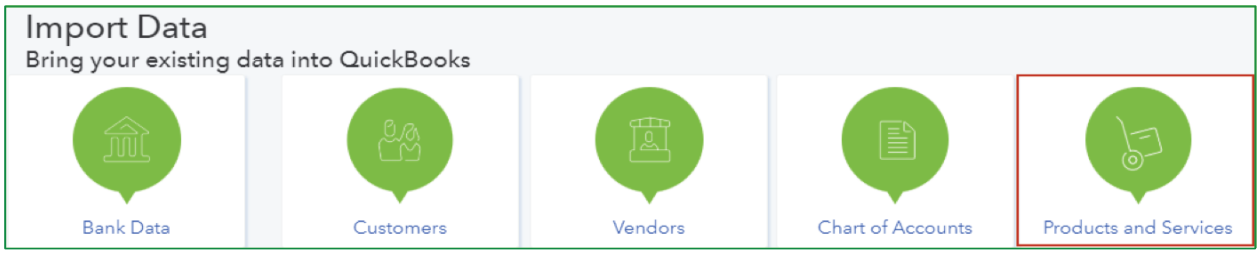
Click **Save & Close**

Import and Print/Export the Products and Services List

Products and Services are used to indicate the item sold or the service performed. The imported list includes the services you provide and the products you have in inventory.

Import the Products and Services List into **Your Name's Beach Barkers**

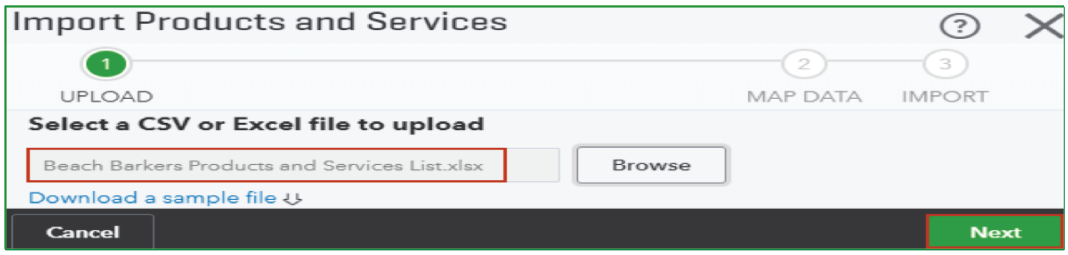
Click the **Gear** icon, click **Import Data** in the Tools column, and click **Products and Services**



Click the **Browse** button for Select a CSV or Excel file to upload

- You should return to the list of Import Files shown on your USB drive. If not, follow the steps presented earlier for accessing these files.

Click the file **Beach Barkers Products and Services List**
Click the **Open** button
The file name will be inserted into the text box



Click the **Next** button
Since nothing is highlighted in red, click **Next** for MAP DATA
Scroll through the Items shown on the IMPORT screen
None of the fields have anything shown in red

- Because you have imported your Chart of Accounts, all of the necessary accounts are available for matching.
- You should have a screen stating that 15 records are ready to be imported.

Click the **Import** button

- Note the message for 15 of 15 products and services successfully imported.

Once the import is complete, click the **Gear** icon or click **Sales** or **Invoices** on the Navigation bar
Click **Products and Services** in the List Column or in the Sales or Invoices section of the Navigation bar
Scroll through the list to see all the products and services you will be selling

- Note: Chapters 3-5 focus on Services and Chapters 6-8 will include both Services and Products (inventory) items.

Print, and/or export, and submit Your Name's Beach Barkers Products and Services List Ch. 2 as previously instructed

- If you save the file in Excel or as a PDF, name it **3-Your Name Prod-Svc List Ch 2**. **(**Remember to use your first initial and last name.)

Current Date — Products and Services

Your Name's Beach Barkers

Products and Services

Name	SKU	Type	Sales description	Sales price	Cost	Qty on hand	Reorder point
Boarding		Service	Boarding	55			
Bones		Inventory	Bones		2	350	300
Brushes		Inventory	Brushes		5	35	35
Collars		Inventory	Collars		10	650	600
Day Camp		Service	Day Camp	30			
Dog Food-Canned		Inventory	Dog Food-Canned		2.50	485	450
Dog Food-Dry		Inventory	Dog Food-Dry		7	400	400
Grooming		Service	Grooming				
Hours		Service					
Leashes		Inventory	Leashes		10	450	400
Services		Service					
Sweaters		Inventory	Sweaters		15	325	300
Toys & Treats		Inventory	Toys & Treats		2	3,450	3,400
Training 1		Service	One-Hour Session	75			
Training 2		Service	Five One-Hour Sessions	350			
Training 3		Service	Ten One-Hour Sessions	650			
Vitamins		Inventory	Vitamins		3	450	400

Do not close QuickBooks Online or Your Name's Beach Barkers

FINALIZE THE CHART OF ACCOUNTS—DO

Once the Product and Services List has been imported, the Chart of Accounts should be finalized. Some of the income and expense accounts need to be reorganized as subaccounts. Finally, you will print, export, and/or submit your Chart of Accounts.

Since all data entered previously disappears when you close the Test Drive Company and you have already practiced renaming files and making subaccounts, you will not complete a drill.

MEMO
DATE: January 1, 2019

Change Account Names:
Discounts given to **Sales Discounts**
Shipping and delivery expense to **Shipping & Delivery**
Supplies-Cleaning to **Cleaning Supplies Expense** (make it a subaccount of Supplies Expense)
Create Subaccounts of **Services**:
Boarding, **Day Camp**, **Fees Billed**, **Grooming**, **Hours**, and **Training**
Create Subaccount of **Cost of Goods Sold**:
Merchandise Purchases
Create Subaccounts of **Insurance Expense**:
Insurance-Disability and **Insurance-Liability**
Create Subaccount of **Supplies Expense**:
Kennel Supplies Expense, **Office Supplies Expense**, and **Sales Supplies Expense**
Delete Accounts:
Sales, Refunds-Allowances, **Meals and Entertainment**, **Travel**, **Travel Meals**, **Other Portfolio Income**, and **Penalties & Settlements**

DO

Finalize the Chart of Accounts for **Your Name's Beach Barkers**

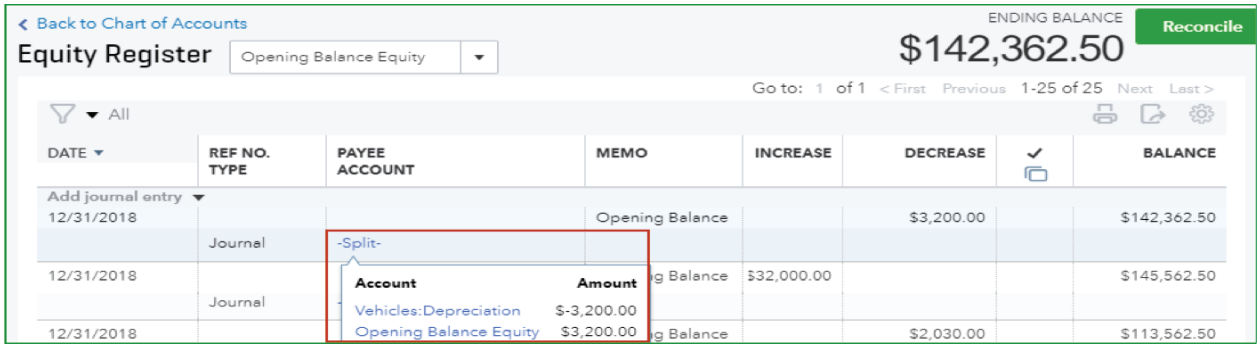
Open the Chart of Accounts as previously instructed
Scroll through the accounts to view opening balances and subaccounts

- When you see Opening Balance Equity, note the 142,362.50 for the QuickBooks balance. As you enter opening balances for the asset and liability accounts, the amounts are also entered into this equity account. Remember, you must have a debit and a credit for each transaction. If you debit the asset for the amount of the opening balance, the Opening Balance Equity account is credited. For a liability, Opening Balance Equity is debited and the liability is credited.
- Remember: Assets = Liabilities + Owner's Equity.

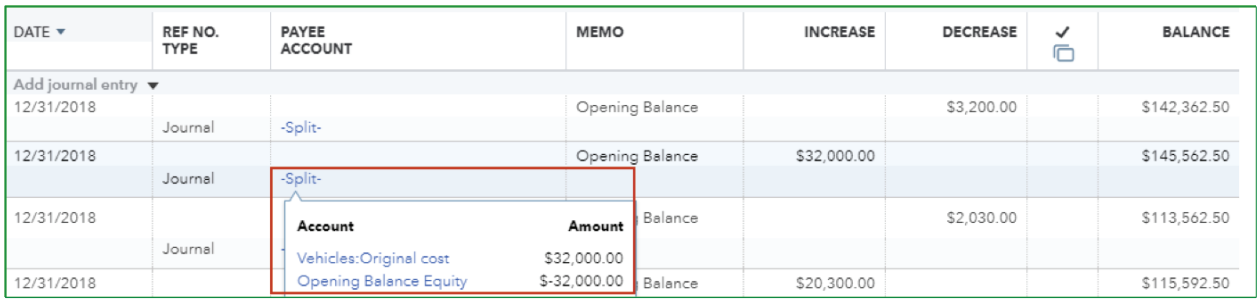
Click **View register** for Opening Balance Equity
Point to **–Split-** on the first entry for $3,200.00

- The two accounts used and the amounts are shown. Vehicles:Depreciation $-3,200.00 and Opening Balance Equity $3,200.
- QuickBooks Online does not show columns for Debits and Credits. Instead, columns are named Increase and Decrease and the transactions are shown based on the entry's

effect on the account. In this transaction, the amount of the depreciation reduced the amount of equity so the amount is in the Decrease column.

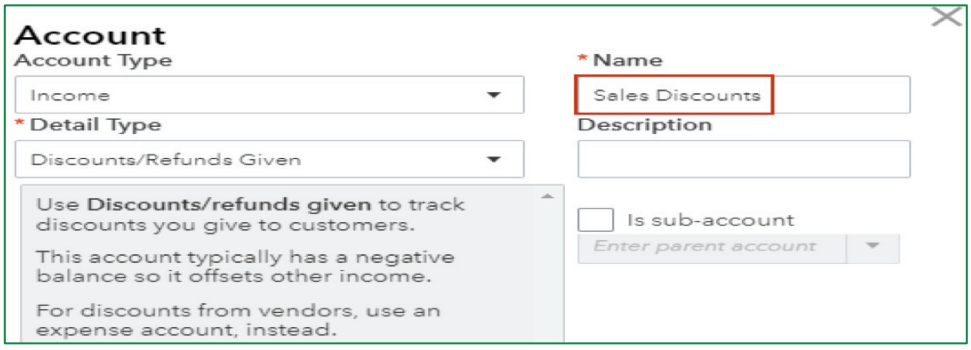


- Note the second transaction. If you were to point to –Split-, you would see that the Original Cost of Vehicles is entered for $32,000.00. It is shown in the Increase column, because the value of the asset (something you own) increases the value of equity. While the amount of depreciation decreases the overall value of Vehicles and the Opening Balance.



Click **<Back to Chart of Accounts**, which is above Equity Register
Rename **Discounts given** to **Sales Discounts**
Click the drop-down list arrow for Discounts given, click **Edit**
Delete **Discounts given** from the Name
Enter **Sales Discounts**

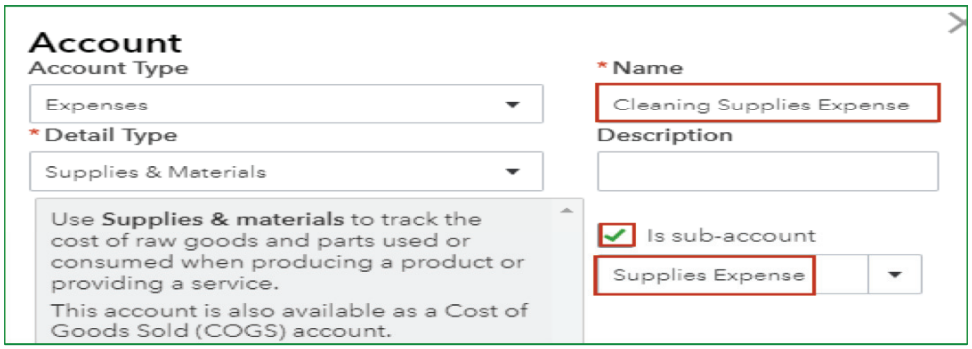
- The Category and Detail Type remain the same.



Click **Save and Close**
Rename **Supplies – Cleaning** to **Cleaning Supplies Expense** and make it a subaccount of Supplies Expense

The Category and Detail type remain the same

Once the name has been changed, click the check box for **Is sub-account**, click the drop-down list arrow for parent account, click **Supplies Expense**


Account
Account Type
Expenses
* Detail Type
Supplies & Materials
Use Supplies & materials to track the cost of raw goods and parts used or consumed when producing a product or providing a service.
This account is also available as a Cost of Goods Sold (COGS) account.
* Name
Cleaning Supplies Expense
Description
Is sub-account
Supplies Expense

Click **Save and Close**

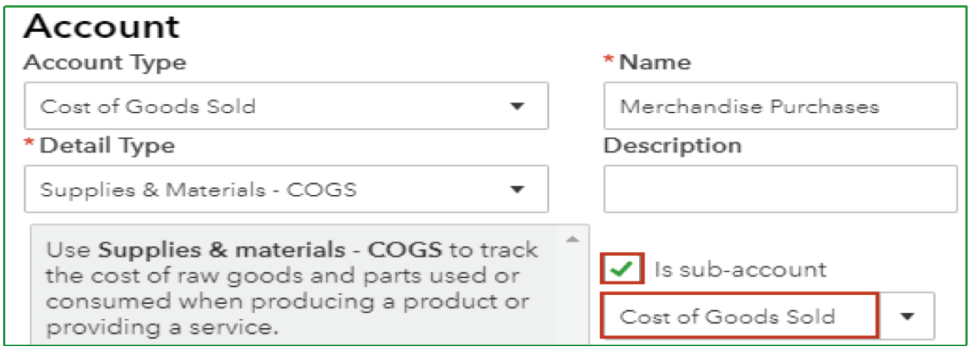
Rename **Shipping and delivery expense** to **Shipping & Delivery** by following the instructions provided previously

- This account is not a subaccount.

Make the following income accounts subaccounts of Services: **Boarding**, **Day Camp**, **Fees Billed**, **Grooming**, **Hours**, and **Training**

Services	Income	Service/Fee Income
Boarding	Income	Service/Fee Income
Day Camp	Income	Service/Fee Income
Fees Billed	Income	Service/Fee Income
Grooming	Income	Service/Fee Income
Hours	Income	Service/Fee Income
Training	Income	Service/Fee Income

Make **Merchandise Purchases** a subaccount of Cost of Goods Sold


Account
Account Type
Cost of Goods Sold
* Detail Type
Supplies & Materials - COGS
Use Supplies & materials - COGS to track the cost of raw goods and parts used or consumed when producing a product or providing a service.
* Name
Merchandise Purchases
Description
Is sub-account
Cost of Goods Sold

Make **Insurance-Disability** and **Insurance-Liability** subaccounts of the expense account Insurance

Insurance	Expenses	Insurance
Insurance - Disability	Expenses	Insurance
Insurance - Liability	Expenses	Insurance

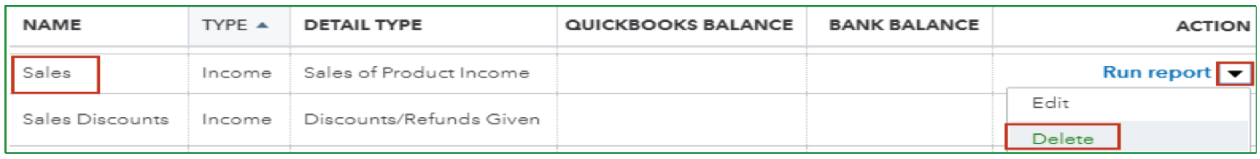
Make **Kennel Supplies Expense**, **Office Supplies Expense**, and **Sales Supplies Expense** subaccounts of Supplies Expense

Supplies Expense	Expenses	Supplies & M..
Cleaning Supplies Expense	Expenses	Supplies & M..
Kennel Supplies Expense	Expenses	Supplies & M..
Office Supplies Expense	Expenses	Supplies & M..
Sales Supplies Expense	Expenses	Supplies & M..

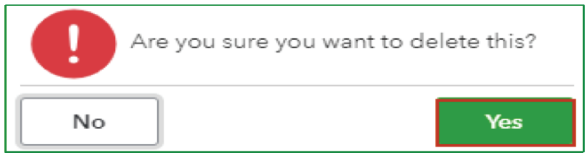
Delete the account **Sales**

- Since we have an account for Sales of Product Income, we no longer need the account named Sales, which has the Detail Type of Sales of Product Income.

Click the drop-down list arrow for Sales, click **Delete**



Click **Yes** on the warning screen



Repeat the steps to delete **Refunds-Allowances**, **Meals and Entertainment, Travel**, **Travel Meals**, **Other Portfolio Income**, and **Penalties & Settlements**

- You will no longer see the accounts that were deleted. However, they still remain in your Chart of Accounts as inactive (deleted) accounts.

View the Deleted/Inactive accounts

Click the Settings (Gear) icon in the Chart of Accounts

Click **Include inactive** in the Other section

Scroll through the Chart of Accounts, notice the accounts marked (deleted) with an Action of Make Active

Meals and Entertainment (deleted)	Expenses	Entertainment Meals			Make active
Travel (deleted)	Expenses	Travel			Make active

Partial List

Do not print or export the Chart of Accounts

Close Your Name's Beach Barkers then continue to the next section

PRINT, EXPORT, AND EMAIL REPORTS—DRILL

In addition to printing from lists, you may print a list from Reports. This will be done to print the Chart of Accounts. In addition, once a QuickBooks Online company has been created, it is

important to prepare reports to make sure that all the information came through correctly. These reports include: Account List, Trial Balance, Journal, Profit and Loss, and Balance Sheet.

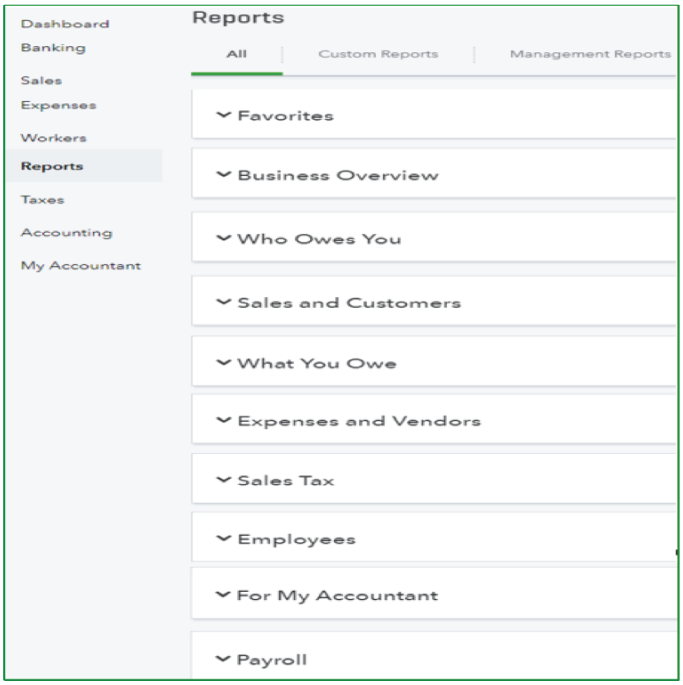
DRILL

Practice the steps for printing and exporting a report.

Open the **Test Drive Company** and print, export, and email an Account Listing

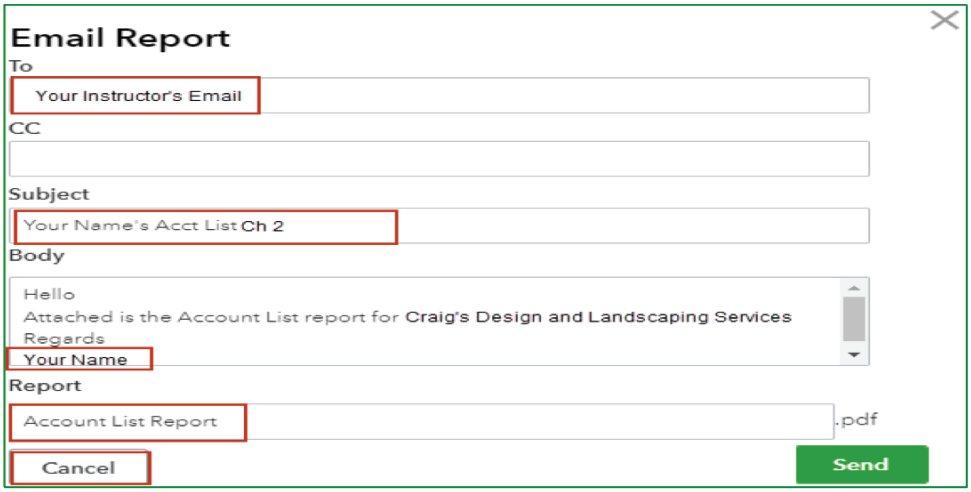
Click **Reports** on the Navigation bar

- There are three sections that you may click to access different reports: Standard, Custom Reports, and Management Reports.
- As you learned in Chapter 1, all the reports available in QuickBooks Online may be prepared using the Standard reports category in this center. In the Standard reports category reports are organized according to business functions and grouped within appropriate categories.
- The report categories may be expanded or collapsed. When expanded, a list of all reports in the category is shown. When collapsed, as shown below, the category title is displayed.



If the For my accountant category is collapsed, click the **For my accountant** section to expand the category
In the For my accountant section, scroll through the reports to view the ones available
Click the **?** (question mark) for Account List, and read the description
Click **Account List**
View the Chart of Accounts
Read the following without completing the steps:
To Print the list, click the **Print** button and print as previously instructed
To Export the list to Excel, click the **Export** button, click **Export to Excel**, and export as previously instructed

To Email the list to your instructor without saving, click the **Send** button
At the bottom of the screen, click the **Email** button
Enter your instructor's email in the text box for **To**
Change the Subject to **Your Name's Acct List Ch 2**
In the text box for Body, change Craig Carlson to your name
Since this is for practice, click **Cancel**



Sign out and close the Test Drive Company

PRINT, EXPORT, AND EMAIL REPORTS—DO

Now that you have prepared an Account List using Reports, you will print the Account List, Trial Balance, Journal, Profit and Loss, and Balance Sheet for Your Name's Beach Barkers. These reports may be required to be submitted to your instructor.

MEMO
DATE: January 1, 2019

Print, export, and/or submit the following reports: **Account List**, **Trial Balance**, **Journal**, **Profit and Loss**, and **Balance Sheet**

DO

Return to **Your Name's Beach Barkers** and prepare, print, export, and/or email the reports listed in the Memo box

Account List

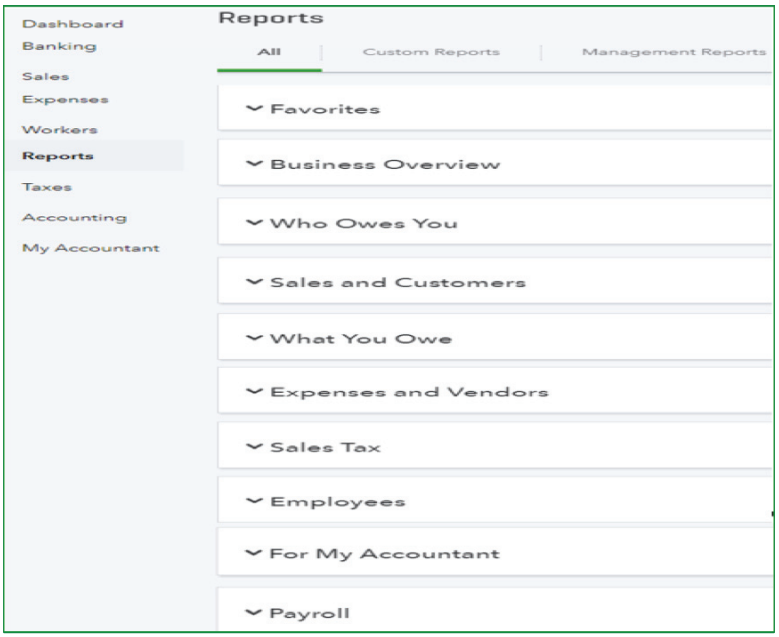
The Account List shows the account name, type, and balance for every account in your Chart of Accounts.

DO

Use **Your Name's Beach Barkers** to prepare the **Account List** for **12/31/18**

Open Your Name's Beach Barkers as previously instructed
Click **Reports** on the Navigation bar

- There are three sections that you may click to access different reports: Standard, My Custom Reports, and Management Reports.
- As you learned in Chapter 1, all the reports available in QuickBooks Online may be prepared using the Standard reports category in this center.
- Reports are organized according to business functions and grouped within the appropriate categories.



If the For my accountant category is collapsed, click the **For my accountant** section to expand the category
In the For my accountant section, scroll through the reports to view the ones available
Read the description for Account List, then click **Account List**
View the Chart of Accounts
Compare your Chart of Accounts with the following:

- Assets, Liabilities, and Equity accounts will have balances. Income and Expense accounts will not.
- If there are differences between your Account List and the one shown on the following page, make the appropriate corrections:
  - If you need to correct an Account Name, Type, Detail Type, or Description, click the account shown in the report. This will open the Account screen that you used when editing accounts previously. Make the appropriate corrections.
  - If your opening balances are not correct, refer to the Drills that you practiced earlier in the chapter to correct Assets, Fixed Assets, and Liabilities. If you have an error in the Opening Balance Equity account, it should be fixed when you correct the opening balances for Assets, Fixed Assets, and Liabilities. The following information is a brief review of the procedures used to correct an Opening Balance: Click **Accounting** on the Navigation bar, then click **Chart of Accounts**, click the account with the incorrect balance, and click **View Register**. In the Register click the transaction for **Opening Balance** (this will display the information for the line), click the **Edit** button, change the amount displayed, click **Save and close**.

Your Name's Beach Barkers

ACCOUNT LIST

ACCOUNT	TYPE	DETAIL TYPE	DESCRIPTION	BALANCE
Checking	Bank	Checking		45,385.00
Accounts Receivable (A/R)	Accounts receivable (A/R)	Accounts Receivable (A/R)		27,500.00
Inventory Asset	Other Current Assets	Inventory		29,012.50
Prepaid Insurance	Other Current Assets	Prepaid Expenses		1,200.00
Supplies	Other Current Assets	Prepaid Expenses		3,495.00
Supplies:Cleaning Supplies	Other Current Assets	Prepaid Expenses		750.00
Supplies:Kennel Supplies	Other Current Assets	Prepaid Expenses		1,895.00
Supplies:Office Supplies	Other Current Assets	Prepaid Expenses		350.00
Supplies:Sales Supplies	Other Current Assets	Prepaid Expenses		500.00
Uncategorized Asset	Other Current Assets	Other Current Assets		0.00
Undeposited Funds	Other Current Assets	Undeposited Funds		0.00
Equipment	Fixed Assets	Machinery & Equipment		7,200.00
Equipment:Depreciation	Fixed Assets	Accumulated Depreciation		-800.00
Equipment:Original cost	Fixed Assets	Machinery & Equipment		8,000.00
Furniture & Fixtures	Fixed Assets	Furniture & Fixtures		13,500.00
Furniture & Fixtures:Depreciation	Fixed Assets	Accumulated Depreciation		-1,500.00
Furniture & Fixtures:Original cost	Fixed Assets	Furniture & Fixtures		15,000.00
Kennel Equipment	Fixed Assets	Machinery & Equipment		18,270.00
Kennel Equipment:Depreciation	Fixed Assets	Accumulated Depreciation		-2,030.00
Kennel Equipment:Original cost	Fixed Assets	Machinery & Equipment		20,300.00
Vehicles	Fixed Assets	Vehicles		28,800.00
Vehicles:Depreciation	Fixed Assets	Accumulated Depreciation		-3,200.00
Vehicles:Original cost	Fixed Assets	Vehicles		32,000.00
Accounts Payable (A/P)	Accounts payable (A/P)	Accounts Payable (A/P)		-5,300.00
Payroll Liabilities	Other Current Liabilities	Payroll Tax Payable		0.00
Loans Payable	Long Term Liabilities	Notes Payable		-4,500.00
Loans Payable:Equipment Loan	Long Term Liabilities	Notes Payable		-2,000.00
Loans Payable:Furniture & Fixtures Loan	Long Term Liabilities	Notes Payable		-2,500.00
Opening Balance Equity	Equity	Opening Balance Equity		-142,362.50
Retained Earnings	Equity	Retained Earnings		0.00
Billable Expense Income	Income	Service/Fee Income		
Sales Discounts	Income	Discounts/Refunds Given		
Sales of Product Income	Income	Sales of Product Income		
Services	Income	Service/Fee Income		
Services:Boarding	Income	Service/Fee Income		
Services:Day Camp	Income	Service/Fee Income		
Services:Fees Billed	Income	Service/Fee Income		
Services:Grooming	Income	Service/Fee Income		
Services:Hours	Income	Service/Fee Income		
Services:Training	Income	Service/Fee Income		
Uncategorized Income	Income	Service/Fee Income		
Cost of Goods Sold	Cost of Goods Sold	Supplies & Materials - COGS		
Cost of Goods Sold:Merchandise Purchases	Cost of Goods Sold	Supplies & Materials - COGS		
Advertising	Expenses	Advertising/Promotional		
Automobile Expense	Expenses	Auto		
Bank Charges	Expenses	Bank Charges		
Commissions & fees	Expenses	Other Miscellaneous Service Cost		
Dues & Subscriptions	Expenses	Dues & subscriptions		
Equipment Rental	Expenses	Equipment Rental		
Freight & Delivery	Expenses	Shipping, Freight & Delivery		

ACCOUNT	TYPE	DETAIL TYPE	DESCRIPTION	BALANCE
Insurance	Expenses	Insurance		
Insurance:Insurance - Disability	Expenses	Insurance		
Insurance:Insurance - Liability	Expenses	Insurance		
Interest Expense	Expenses	Interest Paid		
Laundry	Expenses	Other Miscellaneous Service Cost		
Legal & Professional Fees	Expenses	Legal & Professional Fees		
License Expense	Expenses	Taxes Paid		
Office Expenses	Expenses	Office/General Administrative Expenses		
Other General and Admin Expenses	Expenses	Office/General Administrative Expenses		
Promotional	Expenses	Advertising/Promotional		
Purchases	Expenses	Supplies & Materials		
Rent or Lease	Expenses	Rent or Lease of Buildings		
Repair & Maintenance	Expenses	Repair & Maintenance		
Shipping & Delivery	Expenses	Shipping, Freight & Delivery		
Stationery & Printing	Expenses	Office/General Administrative Expenses		
Supplies Expense	Expenses	Supplies & Materials		
Supplies Expense:Cleaning Supplies Expense	Expenses	Supplies & Materials		
Supplies Expense:Kennel Supplies Expense	Expenses	Supplies & Materials		
Supplies Expense:Office Supplies Expense	Expenses	Supplies & Materials		
Supplies Expense:Sales Supplies Expense	Expenses	Supplies & Materials		
Taxes & Licenses	Expenses	Taxes Paid		
Telephone Expense	Expenses	Utilities		
Uncategorized Expense	Expenses	Other Miscellaneous Service Cost		
Utilities	Expenses	Utilities		
Interest Earned	Other Income	Interest Earned		
Other Miscellaneous Income	Other Income	Other Miscellaneous Income		
Other Ordinary Income	Other Income	Other Miscellaneous Income		
Depreciation Expense	Other Expense	Depreciation		
Miscellaneous	Other Expense	Other Miscellaneous Expense		

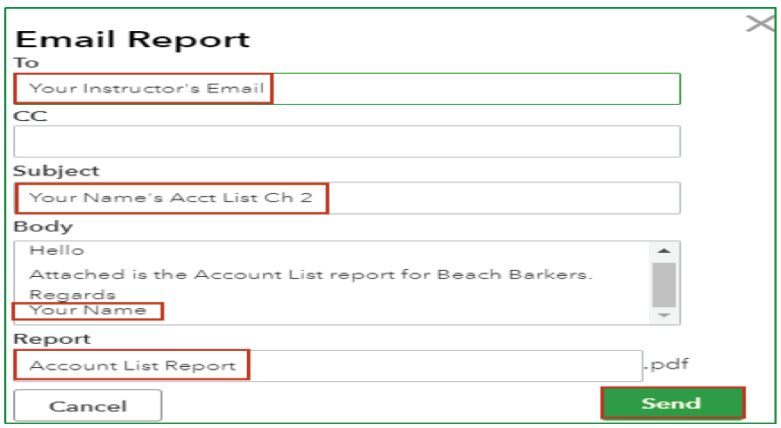
When the Chart of Accounts is correct perform one of the following

Print: click the **Print** button at the bottom of the report preview

Export to Excel: click the drop-down list arrow on the **Excel** button, click **Export to Excel**.

If you save the report as an Excel or PDF file, name it **4-Your Name Acct List Ch 2**.

Email Click the **Send** icon, then click the **Email** button, enter your instructor's email address, a subject line, attach the report, and then click **Send**.



When finished, click **Reports** on the Navigation bar; then continue with the Trial Balance section

Trial Balance

The Trial Balance shows the debit and credit balances for each account in your chart of accounts. The information shown is based on the dates used for the reporting period.

DO

Continue to use **Your Name's Beach Barkers** to prepare the **Trial Balance** for **12/31/18**

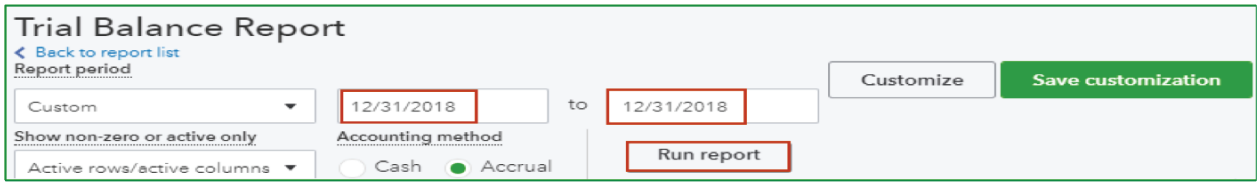
Access the For my accountant category, then click **Trial Balance**

- The Trial Balance proves that Debits equal Credits.
- You will see the report for the current month. Since the company was created on December 31, 2018, you will need to enter those dates for the report.

To enter the Report period dates, click in the **From:** text box, delete the beginning date, enter **123118**

- QuickBooks inserts the **/** and enters 2018 for the year.

Click in the **To:** text box, delete the current date, enter **123118**
Click **Run Report**



The Trial Balance appears as follows:

Your Name's Beach Barkers
TRIAL BALANCE
As of December 31, 2018

	DEBIT	CREDIT
Checking	45,385.00	
Accounts Receivable (A/R)	27,500.00	
Inventory Asset	29,012.50	
Prepaid Insurance	1,200.00	
Supplies:Cleaning Supplies	750.00	
Supplies:Kennel Supplies	1,895.00	
Supplies:Office Supplies	350.00	
Supplies:Sales Supplies	500.00	
Equipment:Depreciation		800.00
Equipment:Original cost	8,000.00	
Furniture & Fixtures:Depreciation		1,500.00
Furniture & Fixtures:Original cost	15,000.00	
Kennel Equipment:Depreciation		2,030.00
Kennel Equipment:Original cost	20,300.00	
Vehicles:Depreciation		3,200.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		5,300.00
Loans Payable:Equipment Loan		2,000.00
Loans Payable:Furniture & Fixtures Loan		2,500.00
Opening Balance Equity		142,362.50
Services		27,500.00
Miscellaneous	5,300.00	
TOTAL	$187,192.50	$187,192.50

Check your balances, correct as necessary; then print, export, and submit the report as previously instructed

- If you save and name the report, it should be **5-Your Name Trial Bal Ch 2**.

Journal

The Journal report shows all your transaction entries in Debit and Credit format in chronological order.

DO

Continue to use **Your Name's Beach Barkers** to prepare the **Journal** for **12/31/18**

Click **<Back to report list** at the top of the Trial Balance report, repeat the steps to prepare the **Journal**
Dates are From: **12/31/18** To: **12/31/18**, press **Tab**

- The Journal shows all your entries in Debit and Credit format.

Scroll through the report, verify your totals for $199,222.50

TOTAL	$199,222.50	$199,222.50

- At this point, your only transactions are opening balances. Notice that you will have opening balances for the assets and liabilities that you entered, as well as, for each customer, vendor, and product imported. If your total does not match, make corrections in the account as instructed earlier. If the entries are in a different order, do not be concerned as long as the amounts, accounts, and totals match.
- If you cannot see a date or an amount in full on the screen, when you click the print button, you will see everything displayed in full.

Print, export, and/or submit as previously instructed
Click the drop-down list arrow for Orientation, click **Landscape**

- This will print your report on paper that is 11 by 8 ½.
- Name the file **6-Your Name Journal Ch 2**.

Profit and Loss

The Profit and Loss report is also known as the Income Statement. It shows the income and expenses for the report period and calculates the net income or net loss for the company.

DO

Continue to use **Your Name's Beach Barkers** to prepare the **Profit and Loss** for **12/31/18**

Click **<Back to report list** at the top of the Journal, repeat the steps provided earlier to prepare the **Profit and Loss** report for **12/31/18**

- When you first access the report, it shows the current month. Notice that there are no balances or amounts shown. This is because the amounts used to determine income and expenses were entered for 2018, a previous year.
- Remember, the Profit and Loss (also known as the Income Statement) uses income minus expenses to calculate the Net Income or Net Loss for the period.

Enter the report dates of **123118** to **123118**, then click **Run Report**

- Technically, QuickBooks Online should have put the opening balances for customers into Uncategorized Income rather than Services. The opening balances for vendors should have been entered into Uncategorized Expenses rather than Other Expenses Miscellaneous. Since these are opening balances and will not reflect on the Profit and Loss in the following year, it is alright to leave these as is rather than record adjusting entries.

Use Portrait layout to print, export, and/or submit as previously instructed

- Name the file **7-Your Name Profit-Loss Ch 2**.

Your Name's Beach Barkers
PROFIT AND LOSS
December 31, 2018

	TOTAL
Income	
Services	27,500.00
Total Income	**$27,500.00**
GROSS PROFIT	$27,500.00
Expenses	
Total Expenses	
NET OPERATING INCOME	$27,500.00
Other Expenses	
Miscellaneous	5,300.00
Total Other Expenses	**$5,300.00**
NET OTHER INCOME	$ -5,300.00
NET INCOME	$22,200.00

Balance Sheet

The Balance Sheet proves that Assets = Liabilities + Owner's Equity. In the Equity section of the report, you will see that amount of Net Income (or Net Loss) that was calculated on the Profit and Loss report.

DO

Continue to use **Your Name's Beach Barkers** to prepare the **Balance Sheet** for **12/31/18**

Click **<Back to report list**, click **Balance Sheet**
Change the report dates: From **123118** and To **123118**, click **Run report**

- As you view the report on the following page, note that Total Assets equal $174,362.50 and that Total Liabilities and Equity equal $174,362.50. This proves the fundamental accounting equation that Assets = Liabilities and Equity.

Use Portrait Orientation and print, export, and/or submit as previously instructed

- Name the file **8-Your Name Bal Sheet Ch 2**.

Do not close Your Name's Beach Barkers

Your Name's Beach Barkers

BALANCE SHEET

As of December 31, 2018

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking	45,385.00
Total Bank Accounts	**$45,385.00**
Accounts Receivable	
Accounts Receivable (A/R)	27,500.00
Total Accounts Receivable	**$27,500.00**
Other Current Assets	
Inventory Asset	29,012.50
Prepaid Insurance	1,200.00
Supplies	
Cleaning Supplies	750.00
Kennel Supplies	1,895.00
Office Supplies	350.00
Sales Supplies	500.00
Total Supplies	**3,495.00**
Total Other Current Assets	**$33,707.50**
Total Current Assets	**$106,592.50**
Fixed Assets	
Equipment	
Depreciation	-800.00
Original cost	8,000.00
Total Equipment	**7,200.00**
Furniture & Fixtures	
Depreciation	-1,500.00
Original cost	15,000.00
Total Furniture & Fixtures	**13,500.00**
Kennel Equipment	
Depreciation	-2,030.00
Original cost	20,300.00
Total Kennel Equipment	**18,270.00**
Vehicles	
Depreciation	-3,200.00
Original cost	32,000.00
Total Vehicles	**28,800.00**
Total Fixed Assets	**$67,770.00**
TOTAL ASSETS	**$174,362.50**

LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	5,300.00
Total Accounts Payable	**$5,300.00**
Total Current Liabilities	**$5,300.00**
Long-Term Liabilities	
Loans Payable	
Equipment Loan	2,000.00
Furniture & Fixtures Loan	2,500.00
Total Loans Payable	**4,500.00**
Total Long-Term Liabilities	**$4,500.00**
Total Liabilities	**$9,800.00**
Equity	
Opening Balance Equity	142,362.50
Retained Earnings	
Net Income	22,200.00
Total Equity	**$164,562.50**
TOTAL LIABILITIES AND EQUITY	**$174,362.50**

ADD YOUR ACCOUNTANT (INSTRUCTOR)—DO

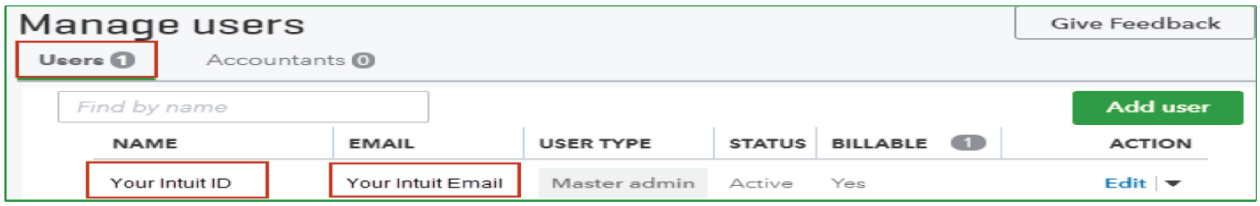
In the business world, unless you are a practicing accountant, you will have an accountant who helps you with your taxes, enters certain types of transactions and adjustments to your company file, finds and corrects errors, answers accounting questions, and establishes various required schedules. QuickBooks Online Plus has an accountant version of the program that accountants use. In your class, your instructor will be your accountant. In order for an accountant/instructor to be able to access your company files, you must invite him/her to be your accountant.

DO

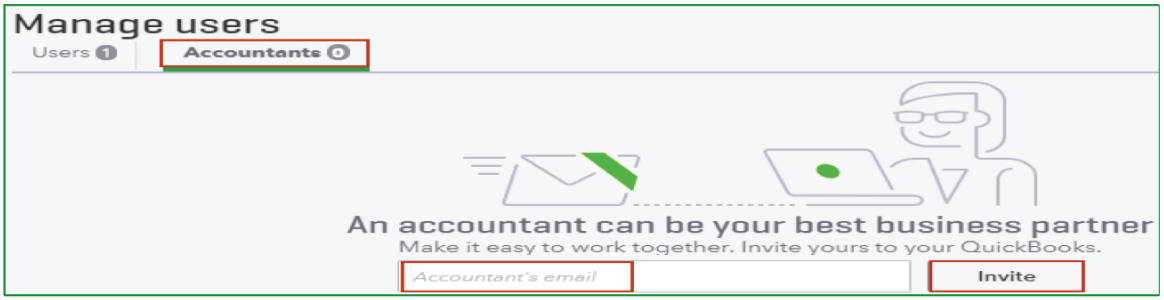
Open QBO

Click the **Gear** icon
Click **Manage Users** in the Your Company column

- You will see that you have one User for your company and the identifying information for the user.

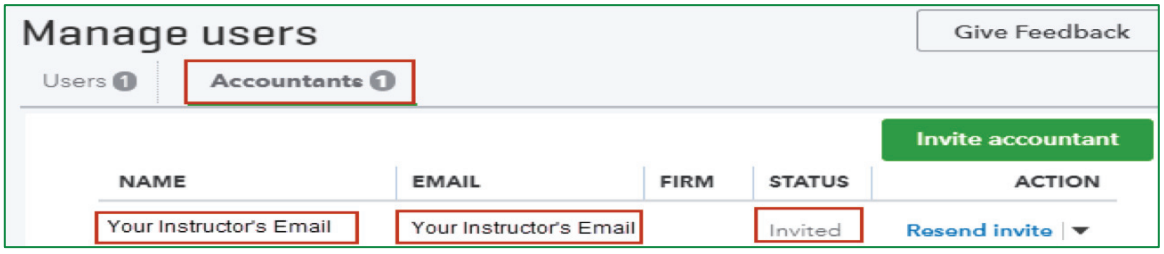


Click **Accountants** on the Manage users screen
Accountant's email: enter your **instructor's email** address

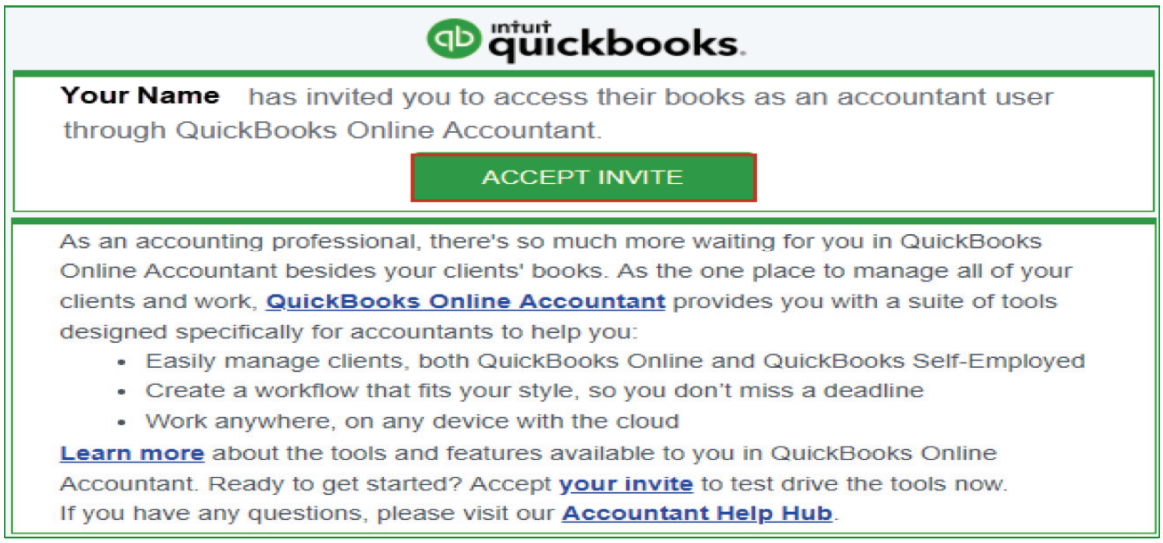

Manage users
Users 1
Accountants 0
An accountant can be your best business partner
Make it easy to work together. Invite yours to your QuickBooks.
Accountant's email
Invite

Click **Invite**

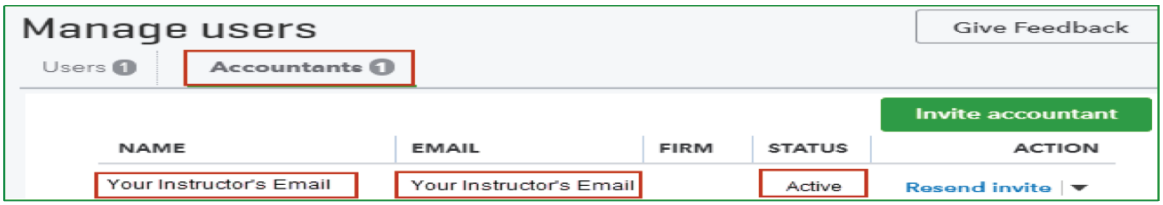
- Intuit will send an email to your professor with an invitation to sign in to your company. The Manage Users page will show Invited.



Your instructor will receive the following email and will click Accept Invite


quickbooks
Your Name has invited you to access their books as an accountant user through QuickBooks Online Accountant.
ACCEPT INVITE
As an accounting professional, there's so much more waiting for you in QuickBooks Online Accountant besides your clients' books. As the one place to manage all of your clients and work, QuickBooks Online Accountant provides you with a suite of tools designed specifically for accountants to help you:
Easily manage clients, both QuickBooks Online and QuickBooks Self-Employed
Create a workflow that fits your style, so you don't miss a deadline
Work anywhere, on any device with the cloud
Learn more about the tools and features available to you in QuickBooks Online Accountant. Ready to get started? Accept your invite to test drive the tools now.
If you have any questions, please visit our Accountant Help Hub.

Once your professor has accepted your invitation, the Status in your company file is changed from Invited to Active.



Your instructor can now access your company directly from his/her QuickBooks Online Accountant software.

ADDITIONAL TRANSACTIONS—DO

Near the end of each chapter, there will be a section containing additional transactions that will be similar to the ones you completed during the chapter. These transactions will be listed in a Memo. You must enter them without any specific instructions being provided. If you have questions about how to enter transactions, you may refer back to material presented earlier in the chapter.

In preparation for opening a second location of Your Name's Beach Barkers in Malibu, California, you will import additional Customers and Vendors.

DO

Continue to use **Your Name's Beach Barkers** and enter the following transactions and print, export, and submit as instructed in the Memo box

- Hint: To determine the names of the newly imported customers and vendors, you can open the Excel import files 2-Beach Barkers Customers List and 2-Beach Barkers Vendors List in Excel.

MEMO

DATE: December 31, 2018

Import the Excel file: 2-Beach Barkers Customers List. Edit the all the newly imported customers: Remove the check mark for Print on Check as, use the customer's first and last name for Print on Check as, Payment Method: Check, Terms: Net 30. Submit the list as instructed by your professor. If saved, name it **9-Your Name Cust List 2 Ch 2**

Import the Excel file: 2-Beach Barkers Vendors List. Edit all of the newly imported vendors: Remove First, Middle, and Last Names, Terms: Net 30. Submit the list as instructed by your professor. If saved, name it **10-Your Name Vend List 2 Ch 2**

SUMMARY

In this chapter, the Educational Trial Version of QuickBooks Online Plus was activated and registered; the company, Your Name's Beach Barkers, was created, and your professor was added as your accountant. QuickBooks Online set up a Chart of Accounts for a Pet Service Business and it was modified by importing accounts. In addition to being imported, accounts were also added, edited, and deleted. Additional lists for Customers, Vendors, and Products/Services were imported and edited. Opening Balances and other information for accounts, customers, and vendors were entered. Reports were prepared, printed, exported, and/or emailed.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 2.01. You must have an email account before you can activate the QuickBooks Online Educational Trial Version.

_____ 2.02. QuickBooks Online Labs are permanent additions to the program.

_____ 2.03. You must purge company data for your company before you can begin entering any transactions.

_____ 2.04. You may import data from a Word document or from a QuickBooks Desktop company file.

_____ 2.05. Reports are accessed by clicking the Gear button and are grouped into categories according to business functions.

_____ 2.06. Each product or service must be linked to an appropriate income account.

_____ 2.07. Imported data never needs to be edited.

_____ 2.08. When you create a company and identify the type of business, QuickBooks Online creates a Chart of Accounts based on your selected type of business.

_____ 2.09. Company Settings must be imported from Excel.

_____ 2.10. You may invite your professor to be your accountant.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 2.11. Reports may be ___.
A. Printed
B. Exported to Excel
C. Emailed
D. All of the above

_____ 2.12. To edit a Company Setting, click the ___ icon.
A. Plus
B. Menu
C. Pen
D. Diamond

_____ 2.13. To assign a subaccount to an expense, edit ___.
A. The Vendors List
B. Accounts Payable
C. The Account that will be a subaccount
D. The Profit and Loss report

_____ 2.14. Access the Account and Settings ___ tab to enter the EIN number for your company.
A. Company
B. Advanced
C. Billing & Subscriptions
D. Payments

_____ 2.15. After you import the Chart of Accounts, edit the ___ and the ___ accounts to add Opening Balances and as of dates.
A. Asset and Income
B. Asset and Liability
C. Liability and Expense
D. Income and Expense

_____ 2.16. Vendors may need to have ___ added to their individual accounts.
A. Terms
B. Preferred Payment Method
C. Preferred Delivery Method
D. All of the above

_____ 2.17. Something that is paid for and will be used within one year is a(n) ___.
A. Expense
B. Prepaid Expense
C. Bill
D. All of the above

_____ 2.18. A Fixed Asset is something that you will own for ___.
A. Less than a year
B. The life of the business
C. More than a year
D. All of the above

_____ 2.19. The ___ report shows all your transaction entries in Debit and Credit format in chronological order.
A. Journal
B. Trial Balance
C. Balance Sheet
D. Chart of Accounts

_____ 2.20. To indicate the Preferred Invoice Terms, edit the ___ Settings.
A. Company
B. Sales
C. Expenses
D. Advanced

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

2.21. The four data lists you may import are _____, _____, _____, and _____.

2.22. Once the Import file has been selected, you will get a MAP Data screen that is used to match the _____ names and _____ names.

2.23. To access the Customer List, click _____ or _____ on the navigation bar, then click _____.

2.24. When you create a Fixed Asset account and track depreciation, you give the as of date and the amounts for _____ and _____.

2.25. To give your accountant (instructor) access to your account, you click the _____ icon, _____ on the Your Company menu, and the Invite Accountant button.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

2.26. What are the three steps listed for Importing Data? _____

2.27. Which icon do you click in order to access Import Data? _____

2.28. When editing Expenses Settings, which icon do you click in order to enter Default bill payment terms? _____

2.29. What is the balance of the Checking account at the end of Chapter 2? _____

2.30. To make Cleaning Supplies a subaccount of Supplies, you edit ___. _____

2.31. Which report proves that Debits equal Credits? _____

2.32. What does the Chart of Accounts show for the value of Furniture & Fixtures? _____

2.33. What is the Chart of Accounts balance for Opening Balance Equity? _____

2.34. What is the Open Balance for the customer Drake Williams? _____

2.35. What is the Income Account linked to the Service item Day Camp? _____

CHAPTER 2 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

_____ 1-Cust List Ch 2	_____ 6-Journal Ch 2
_____ 2-Vend List Ch 2	_____ 7-Profit-Loss Ch 2
_____ 3-Prod-Svc List Ch 2	_____ 8-Bal Sheet Ch 2
_____ 4-Acct List Ch 2	_____ 9-Cust List 2 Ch 2
_____ 5-Trial Bal Ch 2	_____10-Vend List 2 Ch 2

SALES AND RECEIVABLES: SERVICE ITEMS

3

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

3.01. Create Invoices to record transactions for sales on account.
3.02. Edit and correct errors on Invoices.
3.03. Print, export, and email invoices.
3.04. Create new Service items.
3.05. Add a new customer when preparing an Invoice.
3.06. Prepare the Customer Balance Summary report.
3.07. Add Invoice Message to Settings.
3.08. Change account names.
3.09. Analyze transactions in the Journal.
3.10. Prepare the Customer Balance Detail report.
3.11. Void and delete Invoices.
3.12. Prepare the Transaction List by Customer report.
3.13. Create Sales Receipts to record cash sales.
3.14. Prepare the Sales by Customer Detail report.
3.15. Edit and correct Sales Receipts.
3.16. Prepare the Sales by Product/Service Summary report.
3.17. Issue Credit Memos and Refund Receipts for cash and credit sales.
3.18. Receive payments on account.
3.19. Prepare the Transaction Detail by Account report.
3.20. Make bank deposits and print the Deposit Summary.
3.21. Prepare Sales Transaction List, Journal, and Trial Balance reports.

ACCOUNTING FOR SALES AND RECEIVABLES

Rather than use a traditional Sales Journal to record sales on account using debits and credits and special columns, QuickBooks Online records sales by preparing Invoices and Sales Receipts.

If your customer doesn't pay at the time you provide your service or sell your product, an Invoice is prepared. QuickBooks Online uses an Invoice to record sales transactions for accounts receivable in the Accounts Receivable Register. When a sale is *on account*, this means that the customer owes you money and Accounts Receivable is used as the account.

Because cash sales do not involve accounts receivable and would be recorded in the Cash Receipts Journal in traditional accounting, the transactions are recorded on a Sales Receipt in QuickBooks Online. Rather than using the Accounts Receivable account for the debit part of the transaction, Undeposited Funds is used because you received payment at the time the sale was made or the service was performed and the money has not yet been deposited in the bank.

Depending on how your company was created, QuickBooks Online puts the money received from cash sales and from receive payments—customer payments on account for existing invoices—into the Undeposited Funds account. When a bank deposit is made, the Undeposited Funds are transferred into the Checking or Cash account.

A new customer can be added on the fly as transactions are entered. Unlike many computerized accounting programs, in QuickBooks Online, error correction is easy. A sales form may be edited, voided, or deleted in the same window where it was created. Customer information may be changed by editing the Customer in the Customer Center.

A multitude of reports are available when using QuickBooks Online. Reports for Accounts Receivable include Customer Balance Summary, Customer Balance Detail, Invoice List, and others. Sales reports provide information regarding the amount of sales and include Sales by Customer Summary, Sales by Customer Detail, Sales by Product/Service Summary and Sales by Product/Service Detail, and more. As you learned in Chapter 2, traditional accounting reports are available. These include Trial Balance, Profit and Loss, and Balance Sheet, among others.

TRAINING TUTORIAL

Now that the fictional company—Your Name's Beach Barkers—has been created, it is time to record transactions. This chapter focuses on recording sales—both cash and on account—customer payments, bank deposits, and other transactions for receivables and sales. In addition to recording transactions, you will also prepare several reports. Use of Your Name's Beach Barkers will continue throughout the text as you explore the different facets and capabilities of QuickBooks Online. Because you can only create and use one company in the Educational Trial Version of QuickBooks Online, new concepts and procedures will be practiced in the Test Drive Company and then entered into Your Name's Beach Barkers.

TRAINING PROCEDURES

Follow the same training procedures that were presented in Chapter 2. Prior to completing the chapter training and entering transactions, it is helpful to read the chapter. As you work through the chapter, remember that the Test Drive Company will not save your work so try to complete related sections before ending your work session. Mark your place in the textbook so you know where you left off in your training. Make sure you check your work and proofread carefully. Double-check the amounts of money, accounts, product/service items, and dates used.

Print, export, and submit work as directed in the chapter and by your instructor. Whether required by your instructor or not, instructions are provided for each document that may be printed or exported. When you prepare a business document; such as, an Invoice or a Sales Receipt, you may print or save the document. If you prepare a report, you may print the document, export it to Excel, and/or email it.

Since this is the first chapter where you will record transactions in QuickBooks Online, there are more transactions than in later chapters. This is done to provide you with a familiarity of QuickBooks Online. As you learned in Chapter 2, additional transactions will be completed near the end of the chapter. These transactions are similar to the ones you entered in the Test Drive Company and in Your Name's Beach Barkers so no step-by-step instructions will be given. If you need to refer back to the chapter materials to make the entries, you should feel free to do so. If you can enter them without looking back, you have learned to use QBO on your own.

DATES

In Chapters 3-8, the year used in the text is 2019. Dates used in training will be specified when you begin to record transactions. When working through the text, you should always use the date given and the current year. For example, if you are using the text in January 2020, you will use the year 2020. The main criterion is to be consistent with the year you use throughout the text.

As you work in the text, QuickBooks Online may insert the current date into a transaction, be aware of this and be sure to use the date indicated in the text. This is extremely important. If you use the current date, the information shown in your reports may not match the information in the text. Sometimes, the difference between the computer and the text dates will cause a variation in the way screens are displayed, and your work may not match the text exactly. If you cannot change a date that is provided by QuickBooks Online, accept it and continue with your training. For example, on some of the reports, QuickBooks Online inserts the current date as a header or footer. Do not be concerned with this. At a later point in training, you will learn how to change some of these automatic dates. For the dates that cannot be changed, simply leave them as is. Instructions are given where this occurs.

When using the Test Drive Company, you may find dates displayed that are different from those in the text. The Test Drive Company is programmed to automatically change the transaction dates. As a result of this, the dates shown in the text will not match the ones you see on your computer screen.

IMPORTANT NOTE

QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text, new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

When using QBO, you may also download and use Apps. Apps are programs that are designed to integrate and work with QuickBooks Online. Some Apps are free while others require a payment. As a result, Apps are not included in the text. Whenever possible, program changes are incorporated into the text; but some changes will not be able to be included until the next edition.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

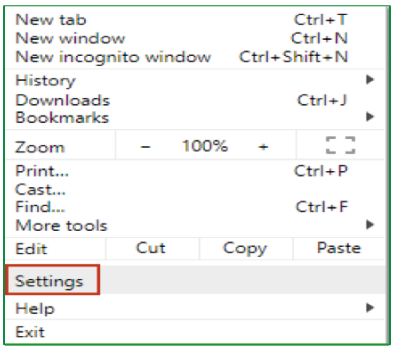
OPTIONAL: CHANGE GOOGLE CHROME SETTINGS, IF USING—DO

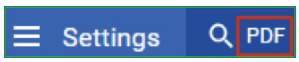
As a reminder, the steps to change Google Settings that you completed in Chapter 2 are shown below. This section is not required if you are using Internet Explorer/Edge or are seeing your document in Print Preview in QBO. If you are using Google Chrome as your browser, you may have trouble when you want to see a print preview of a document in QuickBooks Online. In Google Chrome there is a setting that can cause Print Preview to download a PDF file. If the setting is not changed, it will cause Print Preview to appear completely blank, or do nothing at all. To resolve this issue, complete the steps given.

DO

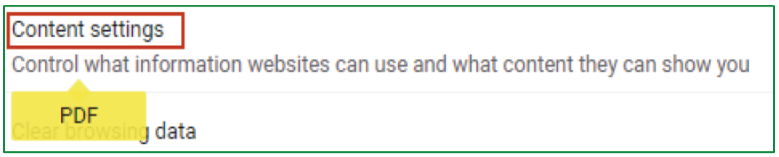
Change Google Chrome Settings

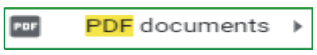
You should be using the latest version of Google Chrome
Open Google Chrome
Click the three vertical dots at the top-right side of Google Chrome
Click **Settings**



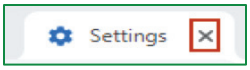
Enter **PDF** in the Search bar 

In the search results, click **Content settings**



Scroll down until you find PDF documents 

Click **PDF documents**
Click **Download PDF files instead of automatically opening them in Chrome** to turn off the setting

Close the Settings tab by clicking the **x** on the tab 

RULE FOR WORKING IN QUICKBOOKS ONLINE PLUS

QuickBooks Online is very user friendly and will let you delete a lot of things from the program including Invoices, Sales Receipts, Checks, and many other business forms. However, you cannot delete Product or Service items that you sell, Accounts (even though QBO says you can delete an account, it is not deleted it is made inactive), bank deposits, and others. Remember this rule for working in QuickBooks: **CORRECT, DON'T DELETE**. Check your work carefully for correct amounts and dates. If you find an error, go back to the **original** entry and try to correct it.

CHART FOR LEFT-NAVIGATION BAR

The Left-Navigation bar organizes information based on the business activity. It allows you to go directly to different categories of information, access lists, and to initiate new transactions. This bar is on the left-side of the screen. There are ten sections that are used to access the Dashboard, and Centers. Many of the Centers contain subsections that display additional information, lists, and allow transactions to be recorded without clicking the Create or Gear icons. The centers are: Dashboard, Banking, Sales (or Invoice), Expenses, Workers, Reports, Taxes, Accounting, My Accountant, and Apps. Note: At the time of this writing, Intuit was testing a new Left-Navigation Bar. Sales may be renamed to Invoices and a subsection for Deposits may be added. As a reference for the Centers and subsections, you may refer to the following chart:

LEFT-NAVIGATION BAR
Dashboard
Banking
Banking
Bank Rules
Sales or Invoice
All Sales
Invoices
Customers
Deposits (if tab is changed to Invoice)
Products and Services
Expenses
Expenses
Vendors
Workers
Employees
Contractors
Reports
Standard
Custom Reports
Management Reports
Taxes
Accounting
Chart of Accounts (or Gear icon)
Reconcile
My Accountant
Apps

BEGIN TRAINING

In this chapter you will be entering transactions for accounts receivable and cash sales, receipts for payments on account, and bank deposits. As you learned in Chapter 2, much of the organization of QuickBooks Online is dependent upon lists. The two primary types of lists you will use for sales and receivables are the Customers List and the Products and Services List.

In addition to being a list, the Customers List functions as the Accounts Receivable Subsidiary Ledger. Even though QuickBooks Online does not use this term, the use of the Customers List as the Accounts Receivable Subsidiary Ledger conforms to GAAP (Generally Accepted Accounting Principles). A transaction entry for an individual customer is posted to the customer's account in the Customers List just as it would be posted to the customer's individual account in an Accounts Receivable Subsidiary Ledger.

The total of the Customers List will be equal to the balance of the Accounts Receivable account in the Chart of Accounts. The Chart of Accounts also functions as the General Ledger when using GAAP standards.

Sales are often made up of various types of income. When you created Your Name's Beach Barkers in Chapter 2, you imported a Chart of Accounts that included several accounts for income. Some of the income accounts were made subaccounts of the Service Income account. When recording a sale, whether for cash or on account, you sell something from your Products and Services List. The item on the list is matched with the appropriate income account. For example, if you give a dog a bath, you will use the Product/Services item: Bath. The income from that bath will be entered in the Services Income:Grooming account and into either Accounts Receivable or Undeposited Funds.

ENTER, EDIT, AND VIEW A SALE ON ACCOUNT—DRILL

Because QuickBooks operates on a business form premise, a sale on account is entered via an Invoice. You prepare an Invoice, and QuickBooks Online records the transaction in the Journal and automatically posts it in the customer's account in the Customers List. Technically, the transaction debits Accounts Receivable (and the customer's account in the Accounts Receivable Subsidiary Ledger) and credits the appropriate income account.

Even though the drill is for practice the transaction will be shown in a Memo. Complete the following transaction to record sales on account.

MEMO
DATE: January 1, 2019

Record Dukes Basketball Camp's Weekly Gardening Service for $150.

DRILL

Open the **Test Drive Company** as previously instructed and practice entering sales transactions on account

- If the Security Verification that you enter is not recognized, you may have to enter a second or even third code number.

Enter a Sale on Account

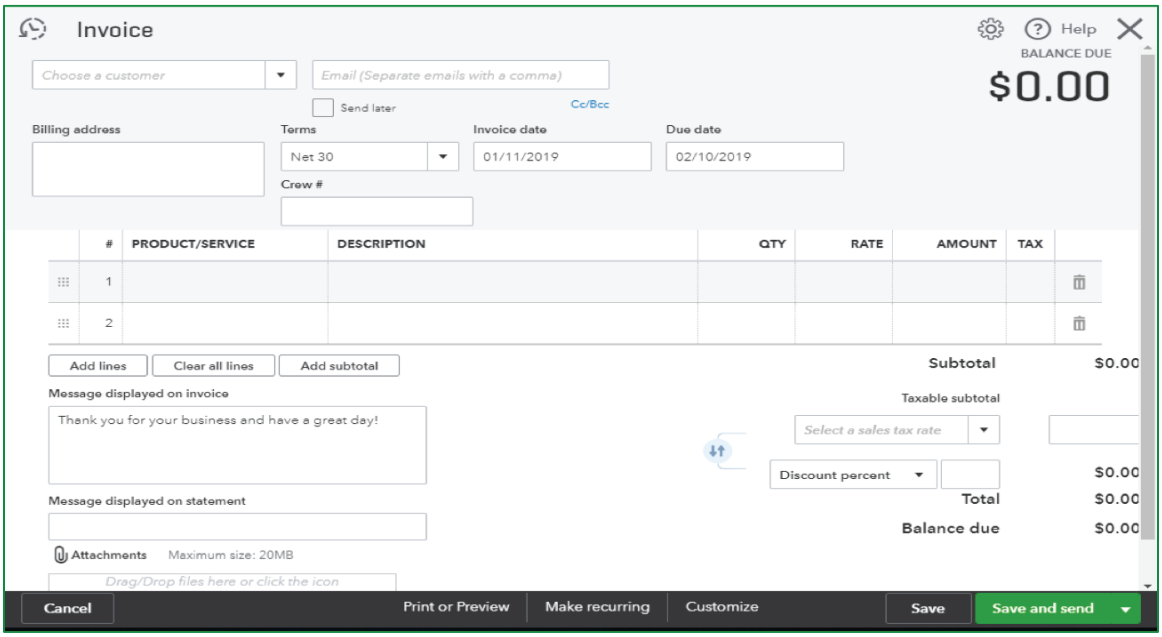
Practice preparing an Invoice in the **Test Drive Company**

Click the **Plus** icon in the Top-Navigation bar
On the Create screen, click **Invoice** in the Customers column

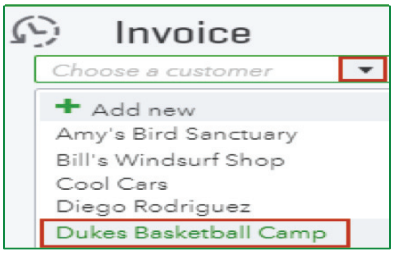
- An Invoice is the business form used to record a sale on account.
- A sale on account is basically a customer's charge account with the company. This is sometimes referred to as a credit sale even though a credit card is not used at the time of purchase. A transaction recorded on an Invoice means that the customer will pay for the purchase at a later time.

After clicking Invoice, a blank Invoice will appear on the screen

- Notice the different fields for information.



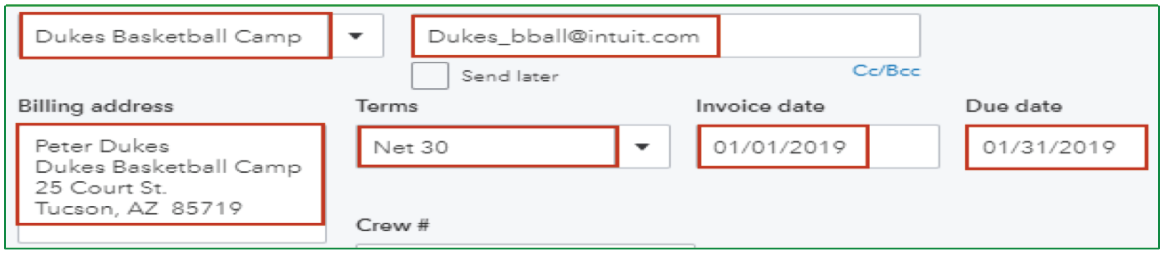
To complete the Invoice, click the drop-down list arrow for Choose a customer, and then click **Dukes Basketball Camp**



- Note that the customer's name, email address, billing address, and terms were inserted by QBO.

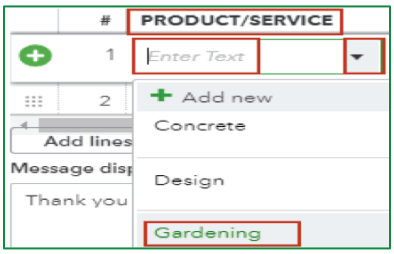
Tab to or click in Invoice date, delete the current date, enter **01/01/19**, press **Tab**

- The Due date now shows 01/31/2019.
- Note: Throughout the text, dates may be given with or without the / between sections; for example, 01/01/19 or 010119. The year may be shown and entered as 19 or 2019. Either method works because QuickBooks Online automatically inserts / between the date segments and includes 2019 for the year.



Click in the first line in the PRODUCT/SERVICE Column, you will see *Enter Text* and a drop-down list arrow

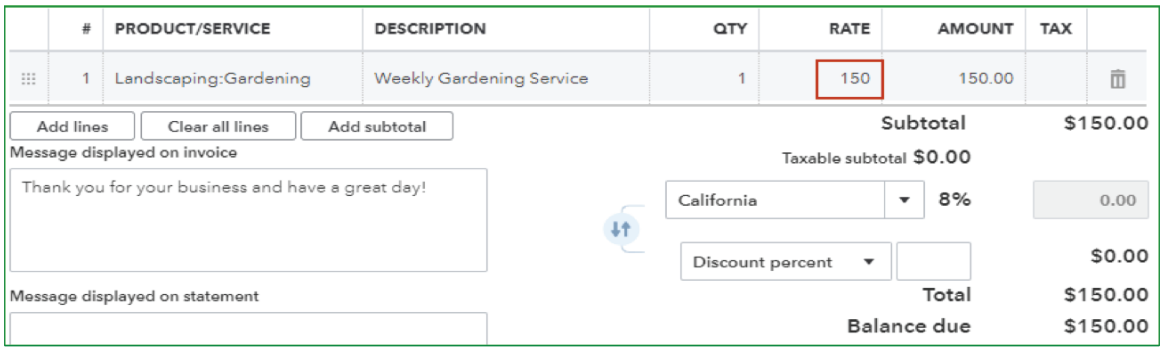
Click the drop-down list arrow and then click **Gardening**



- The Item Name, Description, and Quantity are entered by QuickBooks Online. The quantity entered is always 1.

Tab to the Rate column, enter the weekly rate for Dukes Basketball Camp of **150**, press **Tab**

- The Amount column now shows 150. The Subtotal, Total, and Balance Due are $150.00.

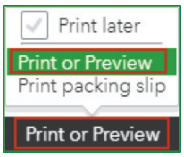


- There is a text box for Message displayed on Invoice. It contains the company's standard message.
- Since this is a service, there is no Sales Tax. No Discount on the sale has been given. The amounts for those two fields are 0.00.

Click the **Save** button at the bottom of the Invoice

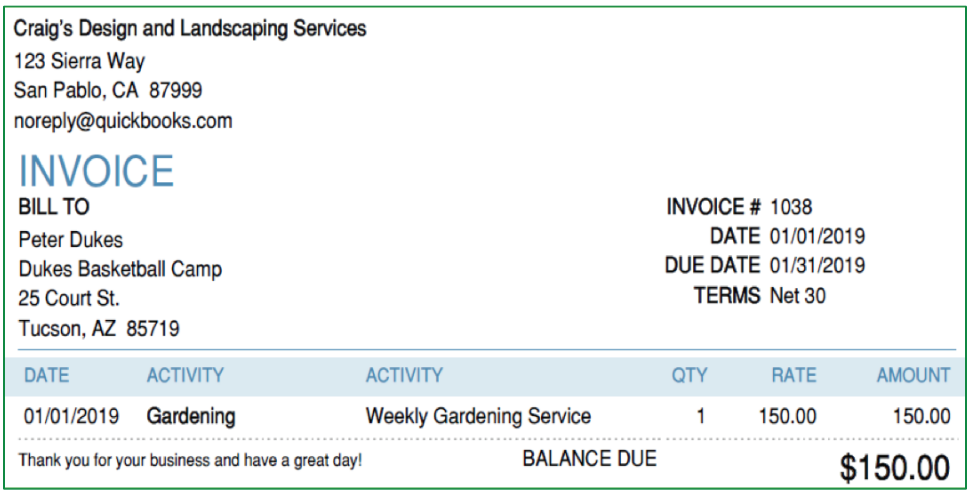
- You will see a message: Invoice 1038 saved.

Click the **Print or Preview** button at the bottom of the screen and view your choices for printing



Click **Print or Preview** to view the Invoice

- The completed Invoice will be shown exactly how it will be printed.



Craig's Design and Landscaping Services
123 Sierra Way
San Pablo, CA 87999
noreply@quickbooks.com

INVOICE

BILL TO
Peter Dukes
Dukes Basketball Camp
25 Court St.
Tucson, AZ 85719

INVOICE # 1038
DATE 01/01/2019
DUE DATE 01/31/2019
TERMS Net 30

DATE	ACTIVITY	ACTIVITY	QTY	RATE	AMOUNT
01/01/2019	Gardening	Weekly Gardening Service	1	150.00	150.00

Thank you for your business and have a great day! BALANCE DUE $150.00

- Since the entries for the Test Drive are practice, there is no need to print them unless instructed to do so by your professor.

Click **Close** on the Print Preview screen
Do not close the Invoice or the Test Drive Company

Edit and Correct Errors

If an error is discovered while entering Invoice information or after the Invoice has been saved, it may be corrected. While there are several ways to correct errors, a simple way is to point to the error on the open Invoice, highlight it by dragging the mouse through the error, or press the Delete key to remove completely, and then type the correction.

Use the **Test Drive Company** to practice editing and making corrections to Invoice 1038

With Invoice 1038 on the screen, click the drop-down list arrow for the Customer
Scroll through the Customer List, and click **John Melton**
Click in the Invoice date column, delete the date, type the new date **01/10/19**, press **Tab**

- Note that the Invoice now shows the Name, Email, Address, and Terms for John Melton. The Invoice date shows 01/10/2019 with a Due date of 02/09/2019.

Click in the QTY column and enter a quantity of **4**, press **Tab**

- Note that the Rate remains at 150 and that the Amount is recalculated by QuickBooks Online.

Click the **Cancel** button at the bottom of the Invoice
Click **Yes** for: Do you want to leave without saving?

- This cancels the changes you entered for John Melton. Invoice 1038 will still be for Duke's Basketball Camp.

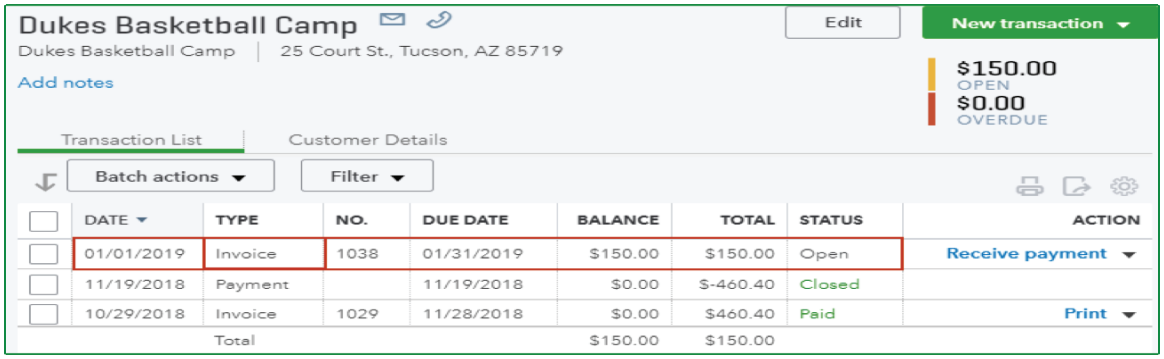
Do not close the Test Drive Company

View the Invoice

View the completed Invoice for Dukes Basketball Camp in the **Test Drive Company**

Click **Sales** and **Customers** on the Left-Navigation bar
Click on the Customer Name: **Dukes Basketball Camp**

- View the Transaction List and note Invoice 1038.



To open the Invoice, click anywhere in the information for the Invoice
After viewing the Invoice, click the **Close** button at the top of the Invoice
Do not close the Test Drive Company

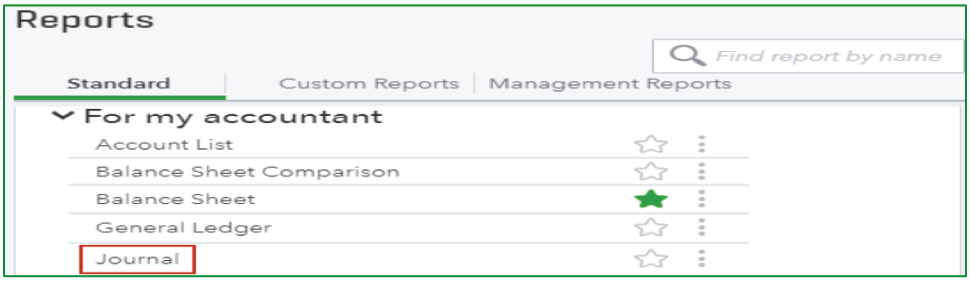
VIEW THE INVOICE IN A JOURNAL—DRILL

Because QuickBooks operates on a business form premise, a sale on account is entered via an Invoice. You prepare an Invoice and when you save it, QuickBooks Online records the transaction in the Journal and automatically debits Accounts Receivable and the individual customer's account in the Customers List and then credits the appropriate income account.

DRILL

Continue to use the **Test Drive Company** and view the Invoice you prepared in the Journal

Click **Reports** on the Navigation bar
Scroll through the list of reports until you get to the section **For my accountant**, and then click **Journal**



- The transactions were entered for January 1, 2019.

For the report date, click in From:, delete the date shown, enter **01/01/19**
Repeat the steps to enter **01/01/19** in To:
Press **Tab**

- As you view the report, note the date of 01/01/2019. If your Invoice does not show in this report, it means you entered the incorrect date when recording the transaction. To correct the date, click **Sales** or **Invoices** on the Navigation bar, click **Customers**, click Duke's Basketball Camp, and click the Invoice in the Transaction List for the Customer. Change the date to **01/01/19**, click **Save and Close**. Prepare the Journal again with 01/01/19 for the dates, and you should see your Invoice.
- If you find errors in an Invoice shown in the report, click the word **Invoice**. You will return to the Invoice. Make any necessary corrections, click **Save and Close**. You will return to the Journal and will see the corrected information.
- Depending on the programmed date changes in the Test Drive Company, the number of transactions and the Total may be different from the screenshot shown below.

Craig's Design and Landscaping Services
JOURNAL
January 1, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT
01/01/2019	Invoice	1038	Dukes Basketball Camp	Weekly Gardening Service	Accounts Receivable (A/R) Landscaping Services	$150.00
						$150.00
TOTAL						$150.00

Close the Test Drive Company

PREPARE, EDIT, AND PRINT/EXPORT/EMAIL INVOICES—DO

Now that you have practiced creating an Invoice, you will record several sales on account for Your Name's Beach Barkers. Once you complete an Invoice, check it carefully and correct any errors following the steps illustrated in the drill. Depending on your instructor's requirements, when an Invoice has been entered, you will print, and/or save as a pdf file, and submit.

MEMO
DATE: January 1, 2019

Gloria Gucci made a reservation for her dog, Mishka, for one day of Day Camp. Create Invoice 1029.

Pamela Vines brought in her dog, Wolf, for Ten One-Hour Sessions of Training, Invoice 1030.

Eric Perez brought in his dog, Frank, for three days of Boarding, Invoice 1031.

DO

Open **Your Name's Beach Barkers** and prepare Invoices to record sales on account

Open Your Name's Beach Barkers as previously instructed

Create an Invoice

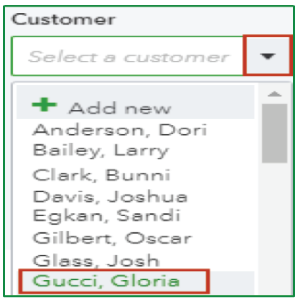
Create Invoice for Gloria Gucci

Click the **Plus** icon in the Top-Navigation bar
On the Create screen, click **Invoice** in the Customers column

- If you get a message to Take our invoicing for a spin, click **No thanks**.
- Remember, an Invoice is used to record a sale on account, which is basically a customer's charge account with the company. This is sometimes referred to as a credit sale even though a credit card is not used at the time of purchase. A transaction recorded on an Invoice means that the customer will pay for the purchase later.

After clicking Invoice, a blank Invoice will appear on the screen
Click the drop-down list arrow for Choose a customer, then click **Gucci, Gloria**

- In the text, customers are usually referred to by first name then last name even though they are organized by the last name in the Customers List.



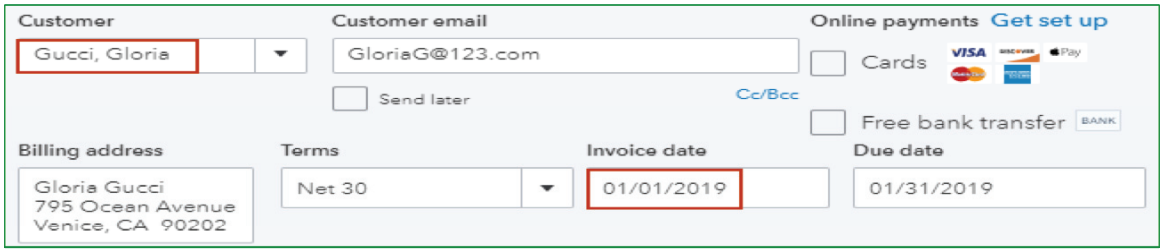
- Note that the customer's name, email address, billing address, and terms were inserted.
- Notice **Cc/Bcc** below the email address for Gloria Gucci. Clicking on the Cc/Bcc link allows you to send a Copy of the Invoice to an email address. The abbreviation Cc stands for Carbon copy and the abbreviation Bcc stands for Blind Carbon Copy. When you input email addresses in the Cc and Bcc fields and save them, the Invoice will be emailed to those addresses when you use Save and send to email the Invoice. When

sending a Cc, the email address is shown. When sending a Bcc, the email address will not be shown.

- The Cc/Bcc feature is also available for estimates, sales receipts, credit memos, and refund receipts.

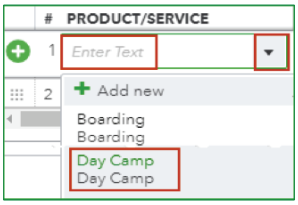
Tab to or click in Invoice date, delete the current date, enter **01/01/19**, press **Tab**

- The Due date now shows 01/31/2019.

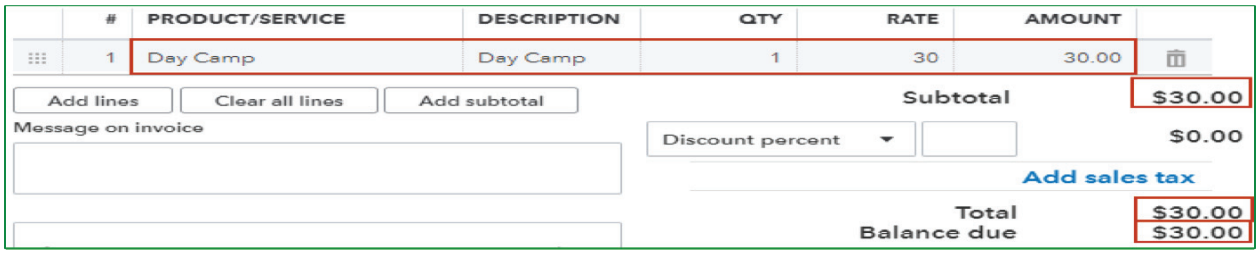


Click in the first line of the PRODUCT/SERVICE Column, you will see Enter Text and a drop-down list arrow

Click the drop-down list arrow, click **Day Camp**



- The Item name, Description, Quantity 1, and Rate are entered by QuickBooks.
- The Amount column shows 30.00. The Subtotal, Total, and Balance Due are $30.00.



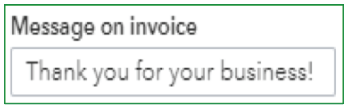
- No Discount on the sale has been given. The amount for the field is 0.00.
- Since this is a service, there is no Sales Tax. We have not set up sales tax so shows Add sales tax as a selection. Do not click this.

The text box for Message displayed on Invoice is empty

- When creating the company, you did not set up a standard message.

Click in the text box for Message on invoice and enter **Thank you for your business!**

- At the bottom of the Invoice, you will see the message that you entered.



Click the **Save** button at the bottom of the Invoice to save the Invoice in QuickBooks Online

- You will see a message:

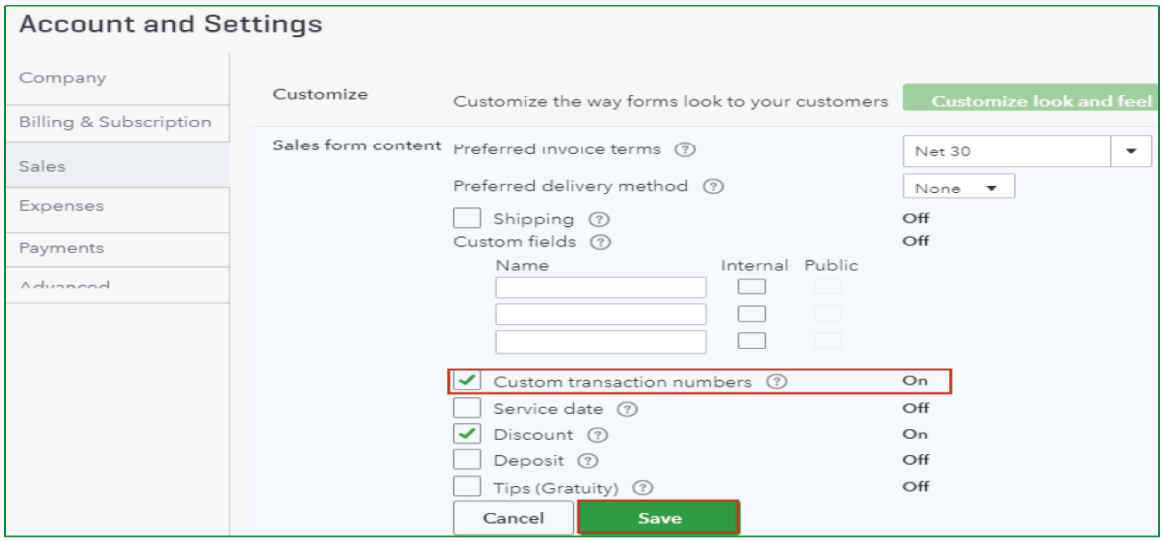
- Note: QuickBooks Online automatically numbers the invoices. If you did not get Invoice 1029 complete the steps for Custom Invoice Numbering.

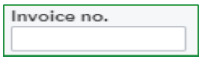
Optional: Use Custom Invoice Numbering

If you did not see Invoice 1029 as the invoice number, you may change the Account and Settings information for Sales so you can use Custom Invoice Numbering.

Change Account and Settings to use Custom Invoice Numbering

Click the **Gear** icon
Click **Account and Settings**
Click the **Sales** tab
Click the **Pen** icon for Sales form content
Click **Custom transaction numbers** to turn **On**



Click **Save**, then click **Done**
From now on, you will see an Invoice no. field on your invoices 

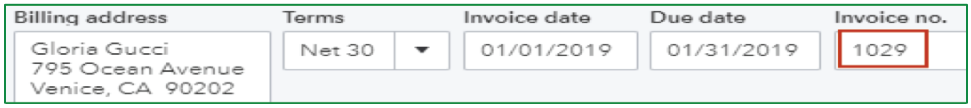
- This is not shown on the invoices in Chapter 3, but this will be emphasized more in Chapter 6.

Optional: Change an Invoice Number

If your invoice to Gloria Gucci did not automatically save as Invoice 1029, you may change it. Once you created the setting for Custom transaction numbers, you created a field on the invoice that will contain the invoice number. The number in this field may be changed.

If necessary, change Gloria Gucci's invoice number to 1029

Click the **Plus** icon, click **Invoice** in the Customers column
At the top of the invoice shown, click the Transaction search icon
Scroll through the list of Recent Transactions, click the invoice for Gloria Gucci for $30.00
On her invoice, click in the Invoice no. text box and enter **1029**



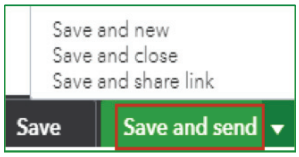
Click the **Save** button and continue

Save and Send Invoice

Save and send an invoice to Gloria Gucci

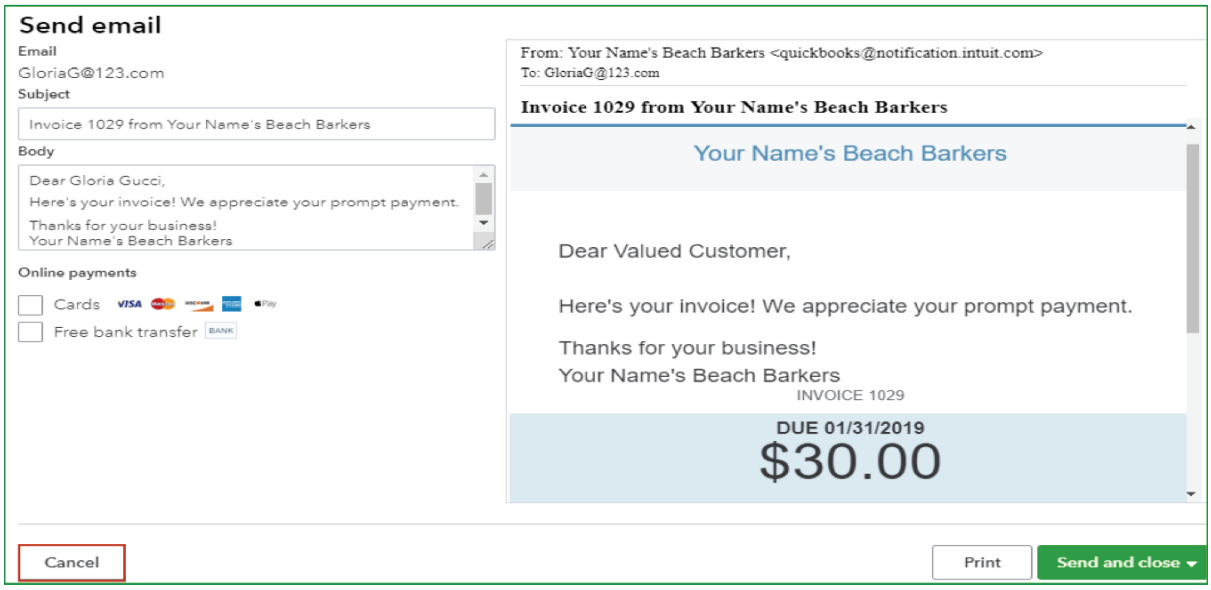
Click the drop-down list arrow for Save and close, Save and new, Save and send or Save and share link

Click the **Save and Send** button at the bottom of the Invoice to send a copy of your Invoice without previewing



You will see the email message and a small copy of the email

- Note that the email address is the customer's email. This is what you want for a real business; however, in our fictitious business we do not want to send this email.



Click **Cancel**

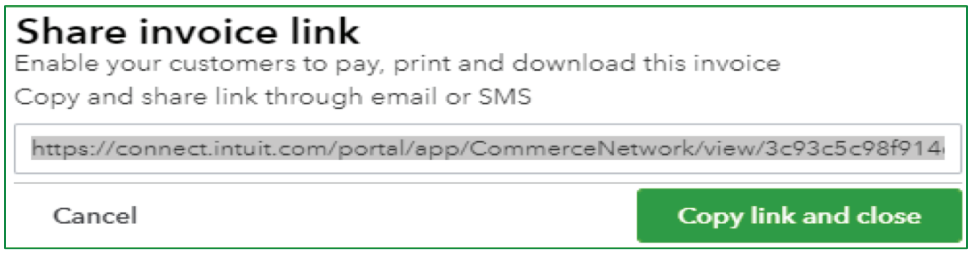
Save and Share Link

Save and share a link to an invoice

Back in the Invoice, click the drop-down list arrow next to Save and send, click **Save and share link**

- You can copy and share a link to an Invoice through email or SMS (text message). This enables your customers to pay, print, and download the Invoice.

You will see the following screen with the link highlighted.

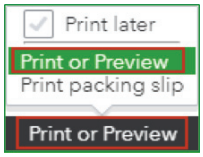

Share invoice link
Enable your customers to pay, print and download this invoice
Copy and share link through email or SMS
https://connect.intuit.com/portal/app/CommerceNetwork/view/3c93c5c98f914
Cancel
Copy link and close

- To copy the highlighted link, you would click Copy link and close. The link can now be inserted into an email or text message. Simply prepare an email or text message as you normally would. Click in the body and press **Ctrl V**. The link is inserted as the message. Then, you would click **Send**. When the recipient opens the email or text, he/she clicks on the link and is shown a copy of the Invoice.

Click **Cancel** to close Share invoice link

Print or Preview Invoice

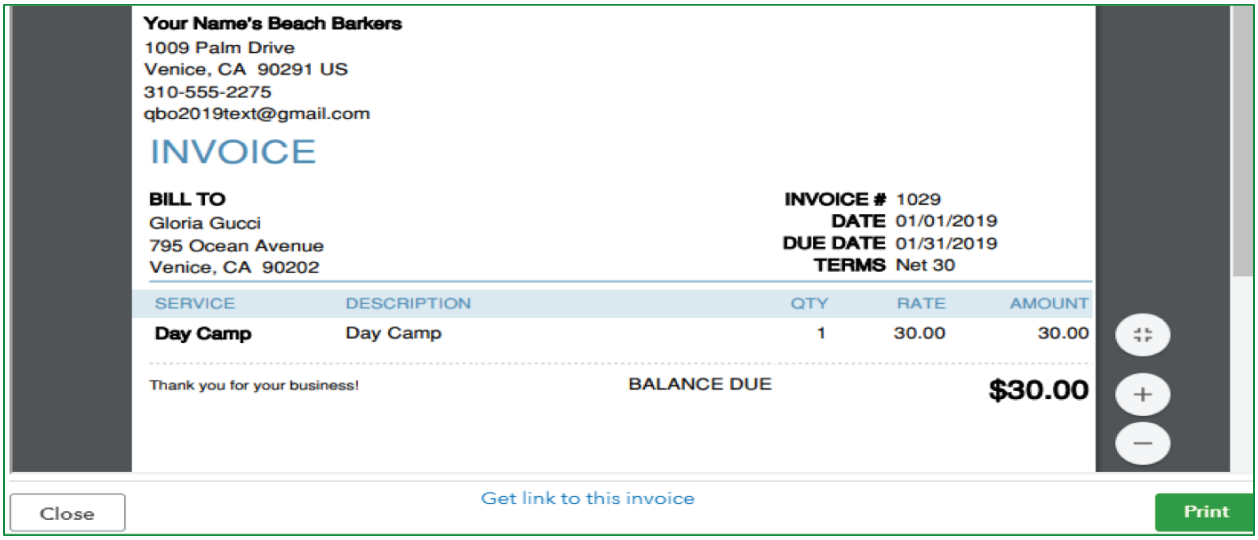
Print or Preview Invoice 1029 to Gloria Gucci



Click the **Print or Preview** button at the bottom of the screen and view your choices for printing

From the choices listed, click **Print or Preview** to view the Invoice

- The invoice will be shown on your screen.



Point to the top of the invoice

- This will show icons for Refresh, Download, and Print on the top-right.

To print on paper, click either the **Printer** icon at the top of the preview or the **Print** button at the bottom of the preview screen

Verify the printer settings: Destination: Your Printer, Pages **All**, Copies: **1**, Color: may be Color or Black and white

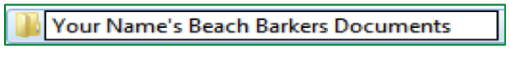
Click **Print**

To save as a PDF file, click the **Download** icon

Click your **USB** drive location (J: in the example)

Right click in the folders area, click **New Folder**

Enter the new folder name, Your Name's Beach Barkers Documents, on your USB drive



- Remember to use your real name.

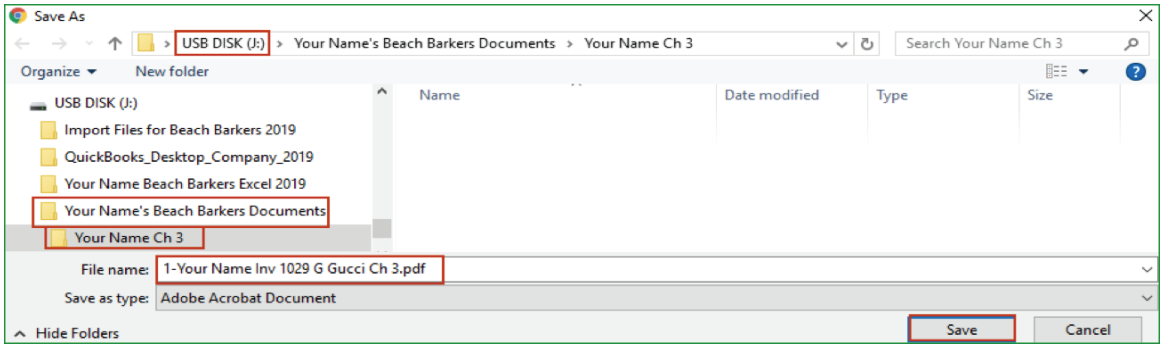
Double-click **Your Name's Beach Barkers Documents**

To create a subfolder in Your Name's Beach Barkers Documents, right click in the folders area, click **New Folder**, enter **Your Name Ch 3**

- Remember to use your real name.

Double-click the folder to open it

Name the document **1-Your Name Inv 1029 G Gucci Ch 3**
Click **Save**



Click **Close** on the Print Preview screen for Invoice 1029
Click **Save and new** at the bottom of the Invoice to save it in QuickBooks Online and go to a new Invoice

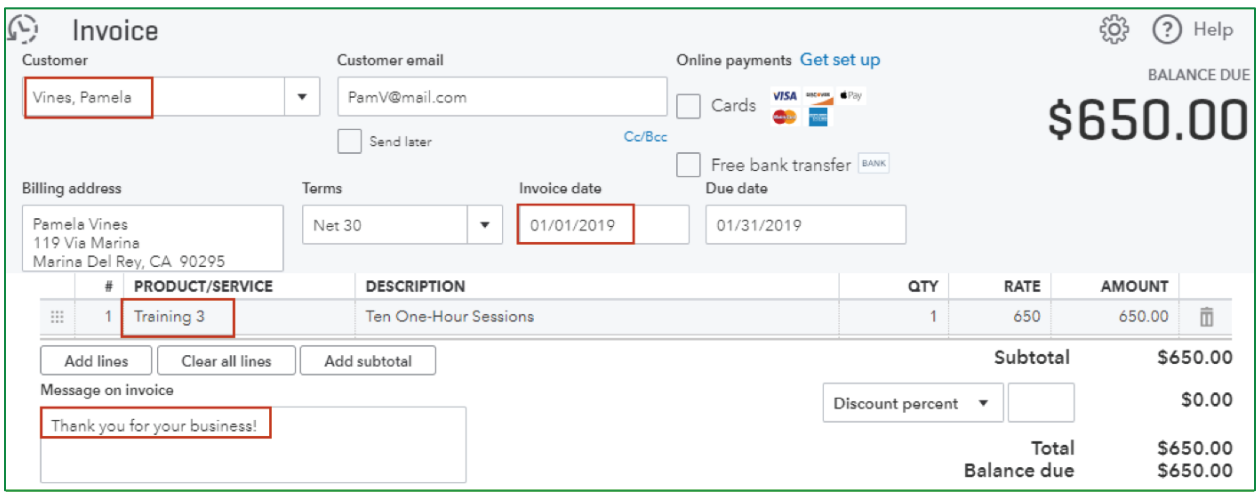
- If you do not see Save and new, click the drop-down list arrow next to the save command displayed. Remember the save commands are: Save and close, Save and new, Save and send, and Save and share link.

Record, Save, and Print Additional Invoices

Record the transactions for Pamela Vines and Eric Perez that are listed in the Memo

Refer to the Memo for the information needed to record the Invoice for Pamela Vines
To prepare the Invoice for Pamela Vines, repeat the steps as shown for Gloria Gucci to record, save, and print the memo

- Remember, Pamela's Invoice is for Ten One-Hour Training Sessions. Use the item Training 3 and a quantity of 1, **not** Training 1 with a quantity of ten.
- Did you remember to key in **Thank you for your business!** in the text box for Message displayed on invoice?
- The Invoice below is shown as it appears after recording. It looks different than the Invoice preview that was displayed for Gloria Gucci, but it contains the same information.



- Did you save the Invoice as a pdf file and then print?

The document name should be **2-Your Name Inv 1030 P Vines Ch 3**
Click **Save and new**

- If Save and new is not shown, click the drop-down list arrow for the Save command shown, then click Save and new.

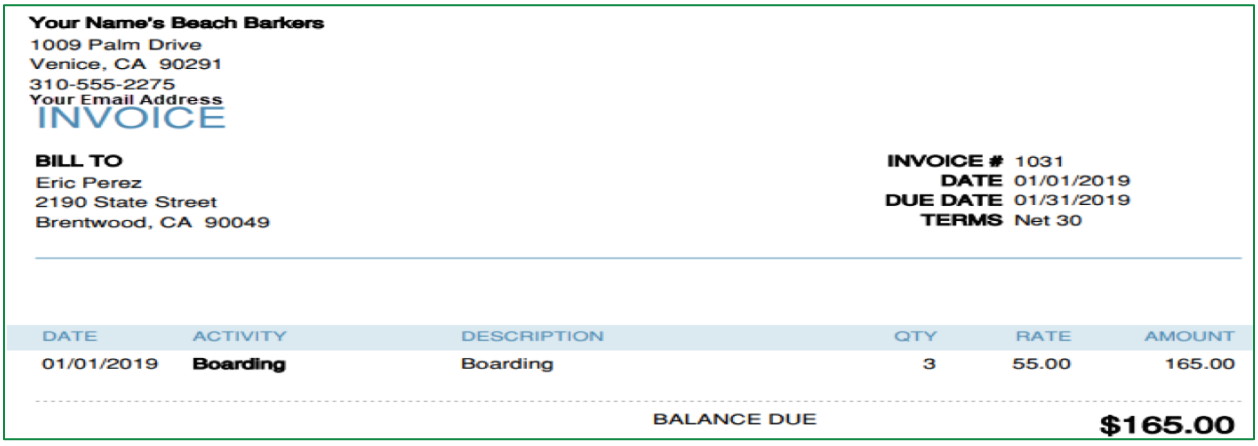
Refer to the Memo for the information needed to record an Invoice for Eric Perez
Repeat the steps shown previously to record, print, and/or save the memo

- Remember, Eric's Invoice is for three days of Boarding.

After you select the PRODUCT/SERVICE **Boarding**, tab to QTY, enter **3**, press **Tab**

PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
Boarding	Boarding	3	55	165.00

Save and print the Invoice as shown previously
The document name should be **3-Your Name Inv 1031 E Perez Ch 3**



Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275
Your Email Address

INVOICE

BILL TO
Eric Perez
2190 State Street
Brentwood, CA 90049

INVOICE # 1031
DATE 01/01/2019
DUE DATE 01/31/2019
TERMS Net 30

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
01/01/2019	**Boarding**	Boarding	3	55.00	165.00

BALANCE DUE **$165.00**

When finished printing, click **Close** on the print preview screen
Click **Save and close** to save in QuickBooks Online and to close Invoices

- If you do not see Save and close, click the drop-down list arrow next to the save command displayed. Remember the save commands are: Save and close, Save and new, Save and send, and Save and share link.

Do not close Your Name's Beach Barkers

VIEW THE INVOICES IN A JOURNAL—DO

Now that you have prepared several Invoices, you should review them in the Journal.

DO

View the three invoices you prepared in the Journal of **Your Name's Beach Barkers**

Click **Reports** on the Navigation bar
Scroll through the report categories, if not expanded, click **For my accountant** section, click **Journal**

- The transactions were entered for January 1, 2019.

If necessary, change the date: click in From: and delete the date shown, enter **01/01/2019**

Press **Tab**
Change the Date for To: **01/01/2019**
Press **Tab**

- As you view the report, note the date of 01/01/2019. If an invoice does not show in this report, it means you entered the incorrect date when recording the transaction. Click **Sales** or **Invoices** on the Navigation bar, then click **Customers**. Click the customer whose invoice you did not see and click the Invoice in the Transaction List for the Customer. Change the date to **01/01/19**, preview, print and/or save your Invoice, then click **Save and close** on the Invoice to save it in QuickBooks Online. Prepare the Journal again with the correct dates, and you should see your Invoice.
- If you find errors in an Invoice shown in the report, click the word **Invoice**. You will return to the Invoice. Make any necessary corrections, preview and save/print the Invoice, then click **Save and close** to save in QuickBooks Online. You will return to the Journal and will see the corrections made.

Your Name's Beach Barkers
JOURNAL
January 1, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
01/01/2019	Invoice	1029	Gucci, Gloria		Accounts Receivable (A/R)	$30.00	
				Day Camp	Services:Day Camp		$30.00
						$30.00	**$30.00**
01/01/2019	Invoice	1030	Vines, Pamela		Accounts Receivable (A/R)	$650.00	
				Ten One-Hour Sessions	Services:Training		$650.00
						$650.00	**$650.00**
01/01/2019	Invoice	1031	Perez, Eric		Accounts Receivable (A/R)	$165.00	
				Boarding	Services:Boarding		$165.00
						$165.00	**$165.00**
TOTAL						**$845.00**	**$845.00**

Unless instructed otherwise by your professor, do not print, export, or email the Journal
Click the **Gear** icon, click **Sign out**, and close Your Name's Beach Barkers

ENTER AND ADD ITEMS FOR A SALE ON ACCOUNT—DRILL

Frequently, an Invoice prepared for a customer will contain more than one item. The procedures for preparing this type of Invoice remain the same. You simply select additional lines in the Invoice to add more Product/Service items.

MEMO
DATE: January 1, 2019

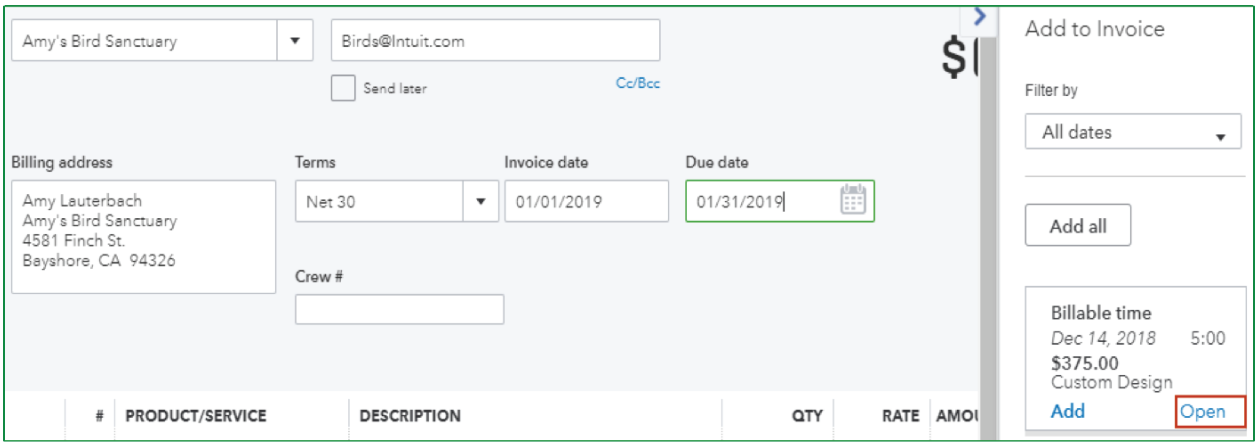
Amy's Bird Sanctuary is designing a new enclosure that will include a fountain where the birds can get a drink of water. The fountain was donated by a local charity. Craig's Design and Landscaping Services is doing the work. Prepare an Invoice for 5 hours of Custom Design to design the enclosure, 5 hours to pour concrete, and 5 hours to install the fountain.

DRILL

Open the **Test Drive Company**, prepare an Invoice, and add a new sales item

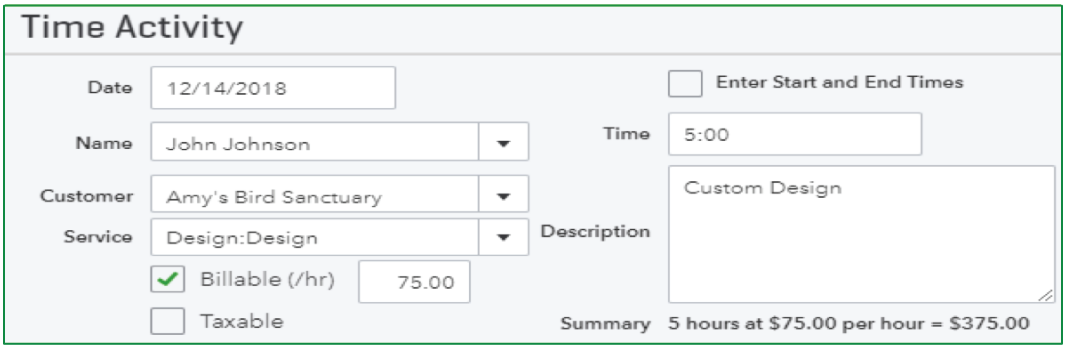
Open the Test Drive Company as previously instructed
Click the **Plus** icon
On the Create screen, click **Invoice** in the Customers column
Click the drop-down list arrow for Choose a customer, then click **Amy's Bird Sanctuary**
Tab to or click in Invoice date, enter **01/01/19**, press **Tab**

- The Due date now shows 01/31/2019.
- Note the information regarding Billable time on the right side of the Invoice. This means that time has been spent for Custom Design work.



Click **Open** on the Billable Time screen to see the details
You will get a screen that asks if you want to leave the Invoice without saving, click **Yes**
Review the Time Activity information that is shown

- The employee, John Johnson, spent five hours working on the Custom Design for Amy's Bird Sanctuary at the rate of $75.00 per hour. This activity is called Time Tracking and will be used later in the text.
- The Date that is shown may be different on your screen. The Test Drive Company, automatically changes some of the dates in the company. If your date is different, there is nothing wrong.



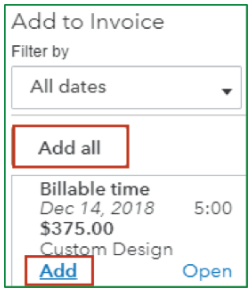
Click the **Cancel** button at the bottom of the Time Activity form to return to a blank Invoice

Create the Invoice for Amy's Bird Sanctuary

Select **Amy's Bird Sanctuary** as the Customer and enter the Invoice date of **01/01/19**

Click **Add** or the **Add All** button to add the Billable Time item to the Invoice

- The five hours of Custom Design has been added to the Invoice.



In the second line, click in PRODUCT/SERVICE; you will see Enter Text and a drop-down list arrow

Click the drop-down list arrow, click **Concrete**, tab to QTY, enter **5**, press **Tab**, enter the RATE of **75**, press **Tab**

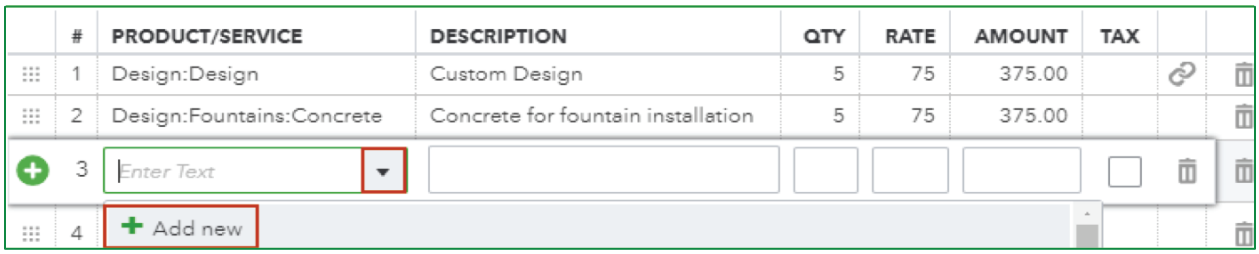
- Since this is for the labor of installing concrete, if you see a check mark in the **Tax** column, click the check mark to remove it.
- Notice that another line appears in the Invoice. If a line did not appear, you would click the **Add Lines** button.

Click in PRODUCT/SERVICE for Line 3, click the drop-down list arrow, and scroll through the Product/Service List to find the correct item for the installation of the fountain

- The only item for Installation is for landscaping.

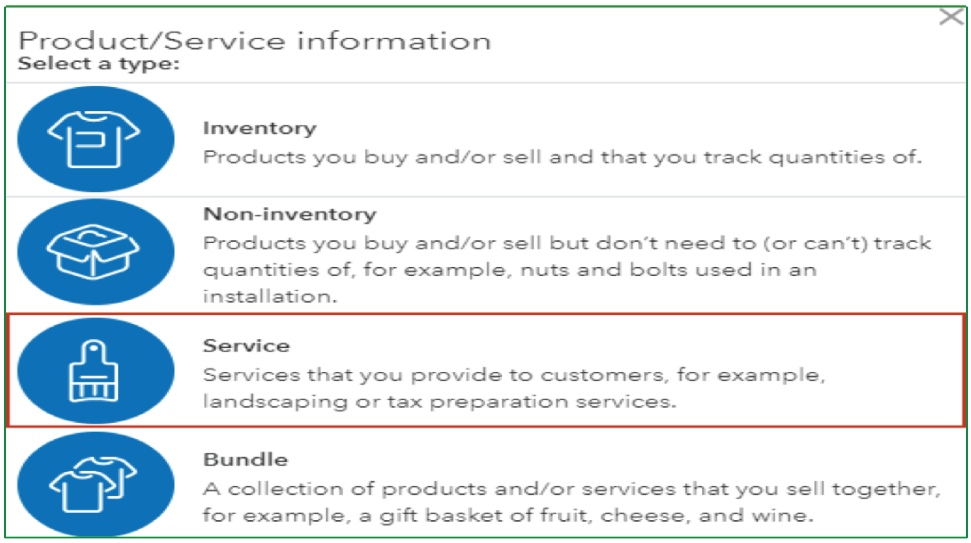
Since there is not an appropriate item, click **+ Add new** to add a new service item

- When you create a new item while preparing an Invoice, it is called adding *on the fly*.



- You can add three types of Product/Service items: Inventory, Non-inventory, and Service. In addition, you may create a Bundle, which is a group of items sold together.

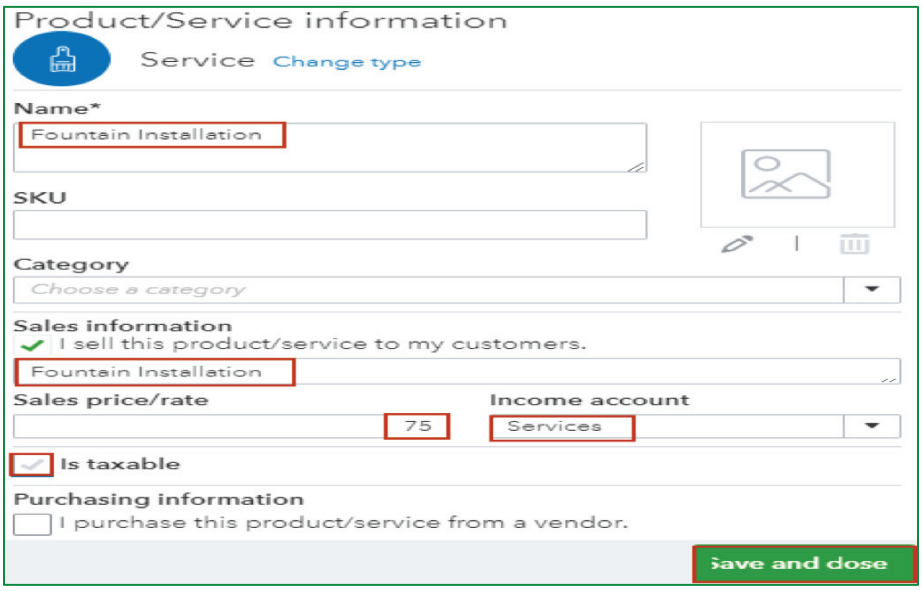
Click **Service**


Product/Service information
Select a type:
Inventory
Products you buy and/or sell and that you track quantities of.
Non-inventory
Products you buy and/or sell but don't need to (or can't) track quantities of, for example, nuts and bolts used in an installation.
Service
Services that you provide to customers, for example, landscaping or tax preparation services.
Bundle
A collection of products and/or services that you sell together, for example, a gift basket of fruit, cheese, and wine.

Enter the Name **Fountain Installation**
Tab to or click in the text box for Description on sales forms under Sales Information and key in **Fountain Installation**
Tab to Sales price/rate, enter **75**

- The Income account **Services** is shown. If not, click the drop-down list arrow for Income account, scroll through the list of accounts, click **Services**.

If Taxable has a check mark, click to deselect and remove the check mark



Click **Save and close**

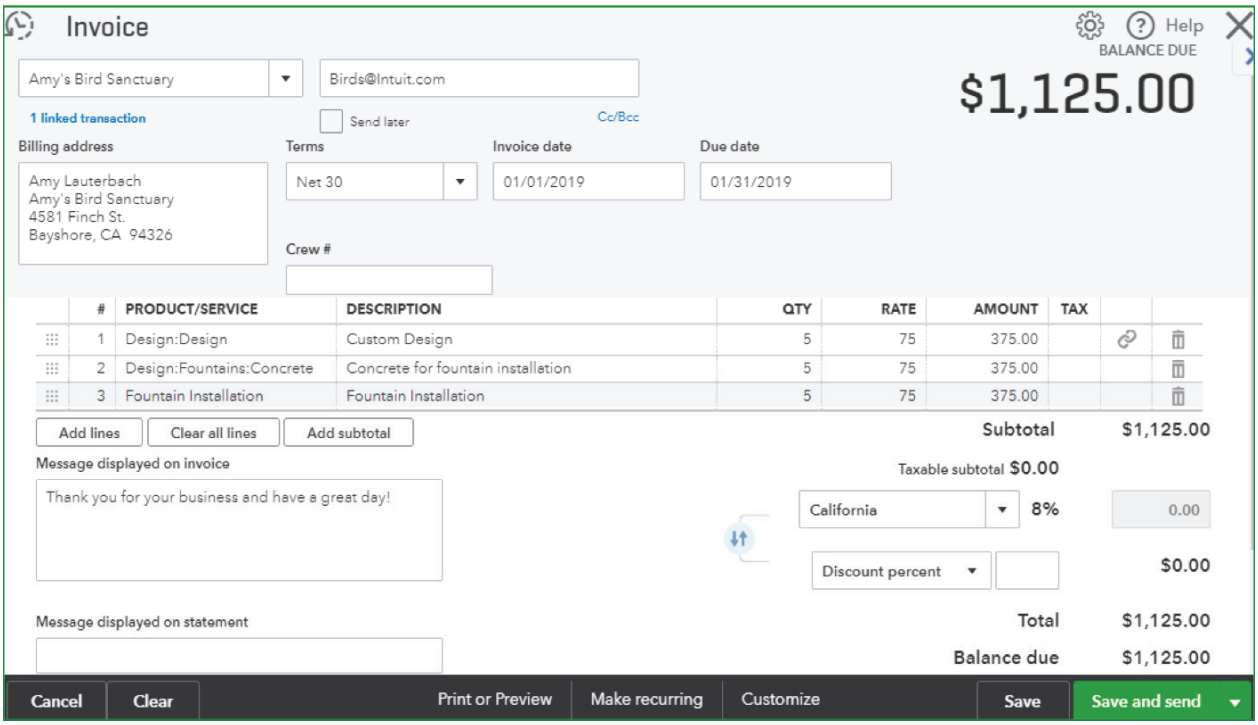
- The new item has been entered.

Tab to QTY and enter **5**, press **Tab**

- Since this is a service, there is no Sales Tax. No Discount on the sale has been given. The amounts for those two fields are 0.00.

Review the Invoice

- Note the message for the Invoice was automatically inserted.



Click **Save and new** at the bottom of the Invoice

- If it is not shown, click the drop-down list arrow for Save and close, Save and new, Save and send, or Save and share a link. Then, click Save and new.
- You will see message Invoice 1038 saved.

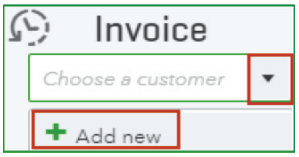
Do not close the Test Drive Company

CREATE AN INVOICE AND ADD A NEW CUSTOMER—DRILL

QuickBooks Online allows you to add new customers at any time. In fact, you may add a customer *on the fly* while you are creating an Invoice.

DRILL

Continue to use the **Test Drive Company** to practice creating an Invoice and adding a new customer



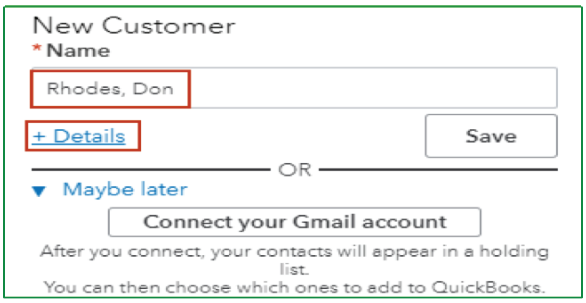
A blank Invoice should be on the screen

- If not, open an Invoice as previously instructed.

Click the drop-down list arrow for Choose a customer
Click **+ Add new**
A New Customer screen will appear and the cursor will be positioned in the Name text box
Enter the customer's name **Rhodes, Don**

- You may just enter the customer's name without any additional information by clicking Save or you may click + Details and complete a full customer setup.

Click **+ Details**

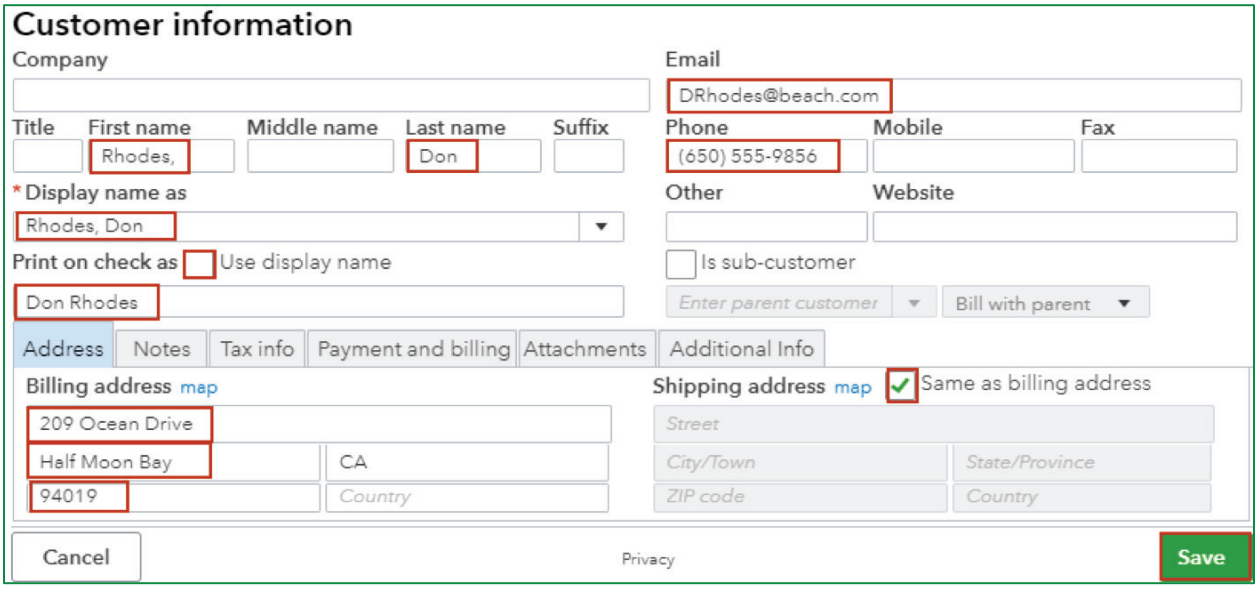


To complete the Customer Information screen:

Click the drop-down list arrow for Display name as, click **Rhodes, Don**
Click the check box for Print on check as to remove the check mark
Enter **Don Rhodes** in the text box
Click in Email enter **DRhodes@beach.com**
Tab to Phone enter **650-555-9856**

Enter the information for the Address tab:

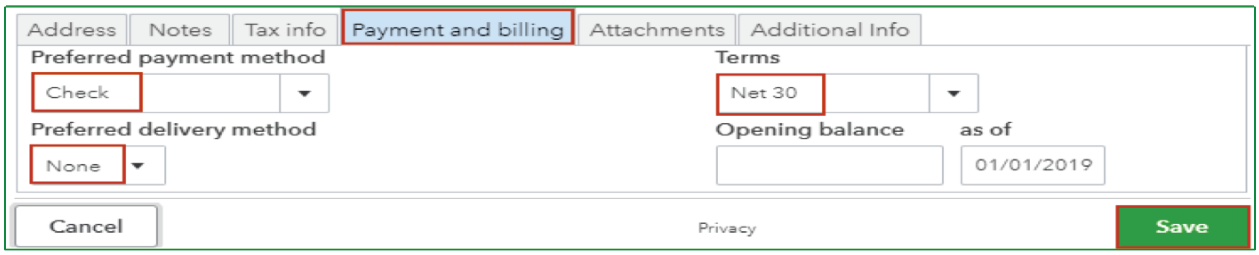
Click in the Street text box, enter **209 Ocean Drive**
Tab to or click in City, enter **Half Moon Bay**
Tab to or click in State, enter **CA**
Tab to or click in ZIP, enter **94019**
Make sure there is a check mark for Same as billing address



Click the **Payment and billing** tab

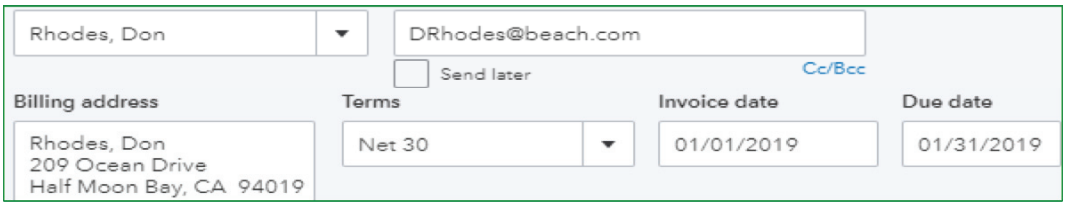
Complete the Payment and billing information:

Click the drop-down list arrow for Preferred payment method, click **Check**
Click the drop-down list arrow for Terms, click **Net 30**
Click the drop-down list arrow for Preferred delivery method, click **None**



Click **Save** to add the new customer

- Note that the Invoice information for Don Rhodes is entered into the Invoice.



Click the **Cancel** button in the lower-left side of the Invoice to close without saving

Click **Yes** on the screen for Do you want to leave without saving?
Verify that Don Rhodes has been added to your Customers List
Click **Sales** or **Invoices** on the Navigation bar, click **Customers**, view the list

Do not close the Test Drive Company

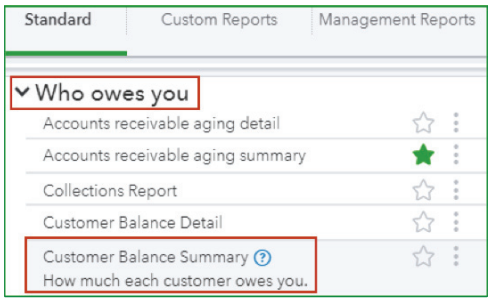
CUSTOMER BALANCE SUMMARY REPORT—DRILL

In addition to the Journal that was prepared earlier, QuickBooks Online has a variety of reports available for Accounts Receivable and Sales. When you open Reports on the Navigation bar and select All Reports, you will see several categories. You will notice that there are categories for Manage Accounts Receivable and Review Sales.

DRILL

Use the **Test Drive Company** and prepare a Customer Balance Summary report

Click **Reports** on the Navigation bar, scroll down to the section for **Who owes you**
Click the **?** for Customer Balance Summary to get the report definition
Click **Customer Balance Summary**



- The report will be for All Dates.
- This report shows the balances for all of the customers who owe you money. Notice that customers without balances are not shown.
- Your report may differ from the one below. If you closed the Test Drive Company, you would have erased all of the entries you made.

Craig's Design and Landscaping Services
CUSTOMER BALANCE SUMMARY
All Dates

	TOTAL
Amy's Bird Sanctuary	1,364.00
Bill's Windsurf Shop	85.00
Freeman Sporting Goods	
0969 Ocean View Road	477.50
55 Twin Lane	85.00
Total Freeman Sporting Goods	**562.50**
Geeta Kalapatapu	629.10
Jeff's Jalopies	81.00
John Melton	450.00
Kookies by Kathy	75.00
Mark Cho	314.28
Paulsen Medical Supplies	954.75
Red Rock Diner	226.00
Rondonuwu Fruit and Vegi	78.60
Shara Barnett	
Barnett Design	274.50
Total Shara Barnett	**274.50**
Sonnenschein Family Store	362.07
Sushi by Katsuyuki	160.00
Travis Waldron	414.72
Weiskopf Consulting	375.00
TOTAL	$6,406.52

Point to the amount in the TOTAL column for Amy's Bird Sanctuary
When the amount shows in blue, click the amount

- This will take you to the Customer Balance Detail for Amy's Bird Sanctuary.
- Note that Invoice 1038 that you recorded as a drill is shown in the report. If you closed the Test Drive Company after you recorded Invoice 1038, it will not be shown.
- This process is often called *drill-down* because you are getting more specific about information. In fact, you could drill-down one more time by clicking Invoice 1038 in the Customer Balance Detail for Amy's Bird Sanctuary and go to the Invoice.
- Remember, the dates for Invoice 1021 may be different than shown below.

Craig's Design and Landscaping Services
CUSTOMER BALANCE DETAIL
All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
Amy's Bird Sanctuary						
11/25/2018	Invoice	1021	12/25/2018	459.00	239.00	239.00
01/01/2019	Invoice	1038	01/31/2019	1,125.00	1,125.00	1,364.00
Total for Amy's Bird Sanctuary				**$1,584.00**	**$1,364.00**	
TOTAL				**$1,584.00**	**$1,364.00**	

Close the Test Drive Company

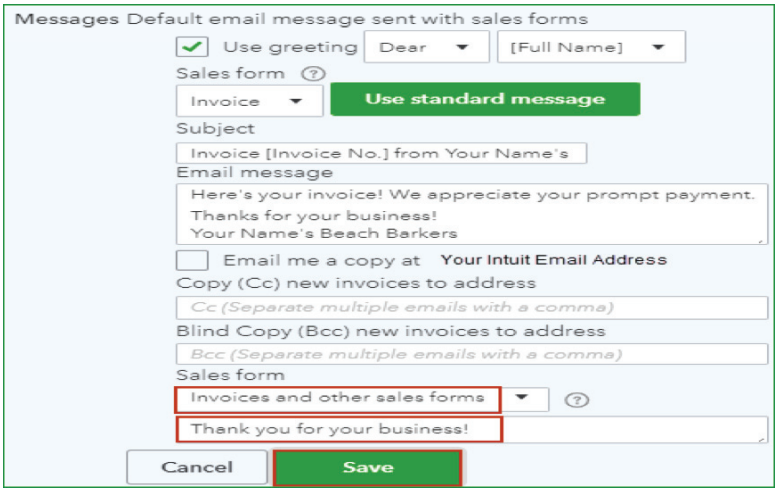
ADD INVOICE MESSAGE TO SETTINGS—DO

When you entered Invoices for Your Name's Beach Barkers, you had to type a message for each Invoice. When you prepared Invoices in the Test Drive Company, the message was automatically inserted. The message for the Invoice can be added to your settings and will automatically be inserted into your Invoices.

DO

Open **Your Name's Beach Barkers** and create an Invoice message

Click the **Gear** icon, click **Account and Settings**, and then click the **Sales** tab
Click the **Pen** icon for Messages
Complete the information for Default message shown on sales forms:
Click the drop-down list arrow next to Estimate
Click **Invoices and other sales forms**
Click in the text box for Default message to customers on sales forms…
Key in **Thank you for your business!**


Messages Default email message sent with sales forms
Use greeting
Dear
[Full Name]
Sales form
Invoice
Use standard message
Subject
Invoice [Invoice No.] from Your Name's
Email message
Here's your invoice! We appreciate your prompt payment.
Thanks for your business!
Your Name's Beach Barkers
Email me a copy at Your Intuit Email Address
Copy (Cc) new invoices to address
Cc (Separate multiple emails with a comma)
Blind Copy (Bcc) new invoices to address
Bcc (Separate multiple emails with a comma)
Sales form
Invoices and other sales forms
Thank you for your business!
Cancel
Save

Click **Save**, click **Done**

- From this point forward, all of your Invoices will include this message automatically.

Continue to the next section
Do not close Your Name's Beach Barkers

CREATE MULTIPLE ITEM INVOICES, NEW CUSTOMER, NEW SALES ITEMS—DO

QuickBooks Online allows you to add new customers and sales items at any time. In fact, you may add a customer and/or sales item *on the fly* while you are creating an Invoice.

Many Invoices include more than one sales item. As you learned in the drills, it is easy to enter transactions that include several products and/or services.

MEMO
DATE: January 1, 2019 Bunni Clark brought her dog, Foxy, in for 5 days of Boarding. While staying at Your Name's Beach Barkers, Foxy will have Five One-Hour Sessions of Training.
Bunni's friend decided to bring her dog, Peaches, for 5 days of Day Camp and a One-Hour Training Session. Add the new customer, Ashley George (Email: AshG@beach.com, Phone: 310-555-1234, Address: 439 Carroll Canal, Venice, CA 90291, Preferred Payment Method: Check, Terms: Net 30).
Matthew Summer wants someone to come to his home and walk his dog, Pepper, for 1 hour per day for five days. Plus, Matthew wants someone to pick up after his dog—total for the five days is 1 hour of Poop Scoop.

DO

Use **Your Name's Beach Barkers** and prepare Invoices as previously instructed

Create Multiple Item Invoice

Continue to use **Your Name's Beach Barkers** and create an Invoice for Bunni Clark

Click the **Plus** icon
On the Create screen, click **Invoice** in the Customers column
Or, click **Sales** or **Invoices** on the Navigation bar, then click **Invoices**, click **New Invoice**
Click the drop-down list arrow for Choose a customer, then click **Clark, Bunni**

- Note that the customer's name, email address, billing address, and terms were inserted.

Tab to or click in Invoice date, enter **01/01/19**, press **Tab**

- The Due date now shows 01/31/2019.

Line 1: Click in the field for PRODUCT/SERVICE, click the drop-down list arrow, click **Boarding**
Tab to QTY, enter **5**, press **Tab**
Line 2: Click in PRODUCT/SERVICE for the second line, click the drop-down list arrow, click **Training 2** to enter the Five One-Hour Sessions, press **Tab**

- QuickBooks Online automatically entered a QTY of 1 and the RATE of 350.
- Review the Invoice and note the Message: Thank you for your business!

Click **Print or Preview** at the bottom of the screen and view the choices for printing

- Note, that from this point forward, the Invoices shown will no longer point out *Your email address*.

From the choices displayed, click **Print or Preview** to view the Invoice
View the INVOICE

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

INVOICE

BILL TO
Bunni Clark
102 Breeze Avenue
Venice, CA 90202

INVOICE # 1032
DATE 01/01/2019
DUE DATE 01/31/2019
TERMS Net 30

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Boarding	Boarding	5	55.00	275.00
Training 2	Five One-Hour Sessions	1	350.00	350.00

Thank you for your business! BALANCE DUE **$625.00**

Click the **Printer** icon at the top of the Invoice to print it
To save a pdf copy of the Invoice that may be emailed, click the **Download** icon

- If saved, save in the Your Name's Beach Barkers Documents, Chapter 3 folder on your USB drive. Name the document **4-Your Name Inv 1032 B Clark Ch 3**

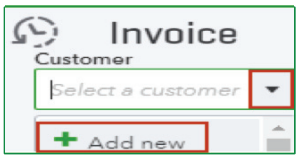
Click **Save and new** at the bottom of the Invoice to save in QuickBooks Online and go to a new Invoice

- If you do not see Save and new, click the drop-down list arrow next to the save command displayed. Remember the save commands are: Save and close, Save and new, Save and send, and Save and share link.

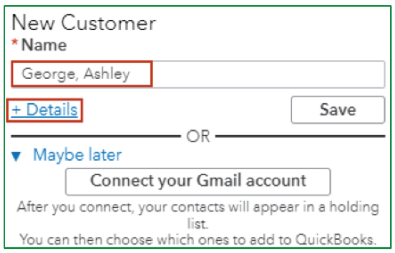
Add a New Customer

As you learned in the Drill, it is possible to add a new customer *on the fly* while preparing an Invoice.

Continue to use **Your Name's Beach Barkers**; add a new customer—Ashley George—and complete Invoice 1033

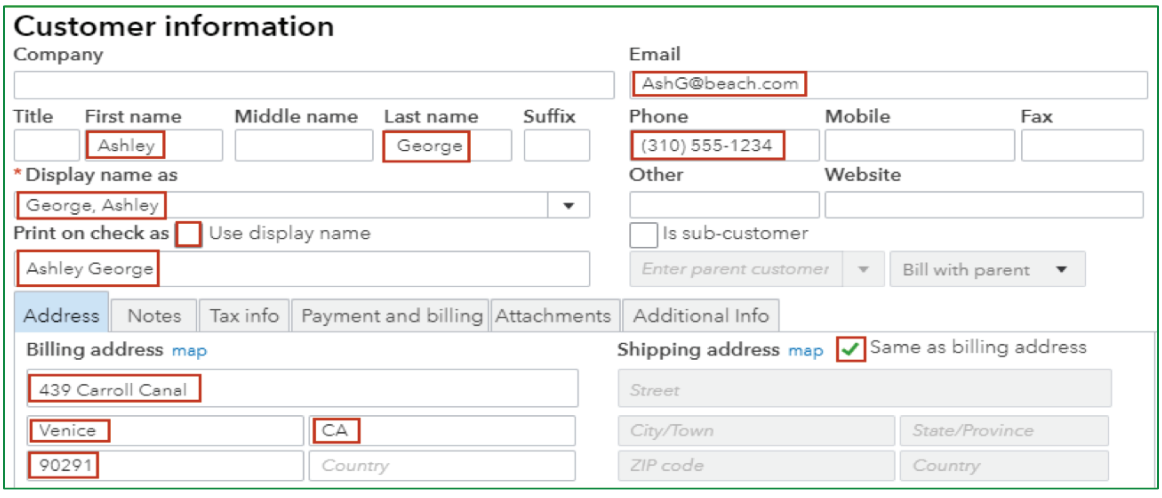


Click the drop-down list arrow for Choose a customer
Click **+ Add new**
A New Customer screen will appear, and the cursor will be positioned in the Name text box
Enter the customer's name **Ashley George**



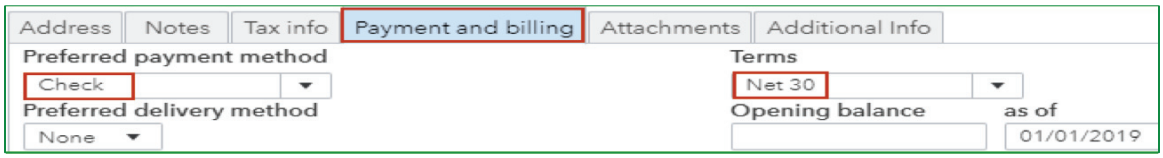
- You may enter the customer's name without any additional information by clicking Save or you may click + Details and complete a full customer setup.

Click **+ Details**
To complete the Customer Information screen:
Click the check box for Print on check as to remove the check mark
Click the drop-down list arrow for Display name as, click **George, Ashley**.
Make sure Print on check has **Ashley George** in the text box; if not, enter Ashley George
Click in Email enter **AshG@beach.com**
Tab to Phone enter **310-555-1234**
Enter the information for the Address tab:
Click in the Street text box, enter **439 Carroll Canal**
Tab to or click in City, enter **Venice**
Tab to or click in State, enter **CA**
Tab to or click in ZIP, enter **90291**
Make sure there is a check mark for *Same as billing address*



Click the Payment and billing tab
Complete the Payment and billing information:
Click the drop-down list arrow for Preferred payment method, click **Check**
Click the drop-down list arrow for Terms, click **Net 30**

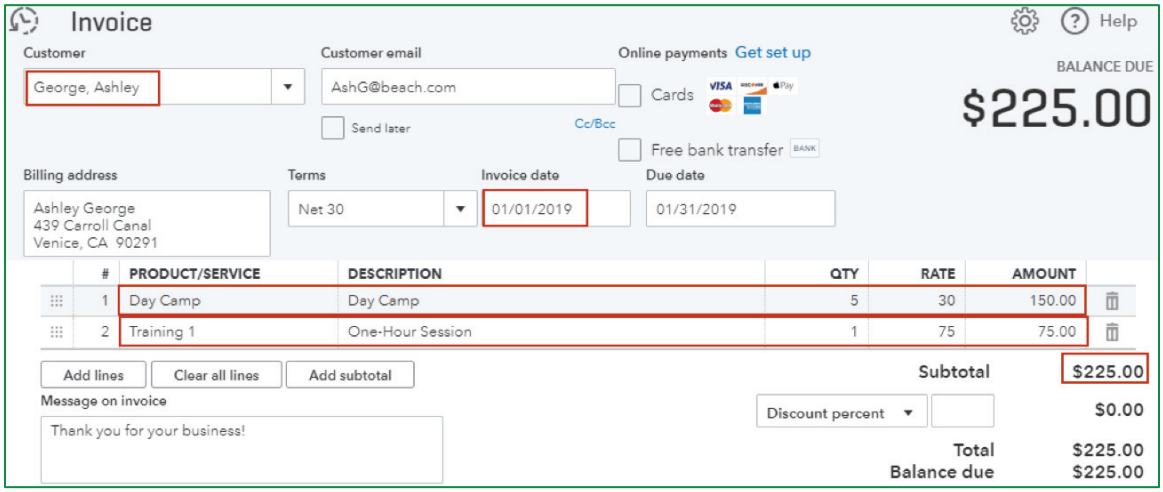
- Remember, the as of date will show the current date.



Click **Save** to add Ashley as a customer and return to the Invoice

- Note that Ashley's information has been completed automatically.

Invoice Date: **01/01/19**
Complete the Invoice for 5 days of Day Camp and 1 One-Hour Session of Training



- Notice the Message displayed on invoice.

Print and/or save, and submit as previously instructed

- Name the file **5-Your Name Inv 1033 A George Ch 3**

When finished with the Invoice, click **Save and new**
Do not close Your Name's Beach Barkers

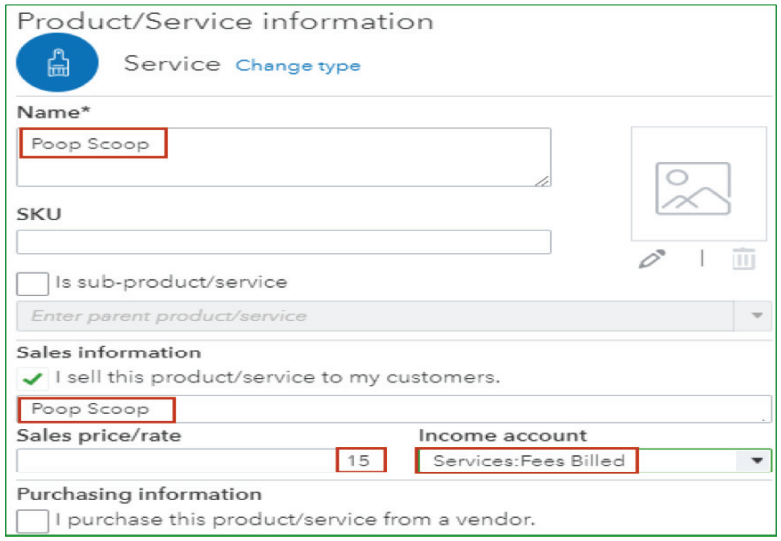
Add New Products/Service Items

As you learned in the Drill, it is possible to add a new sales item *on the fly* while preparing an Invoice.

Continue to use **Your Name's Beach Barkers**, complete Invoice 1034 for Matthew Summer, and create two new service items

Create an Invoice as previously instructed
Customer: **Matthew Summer**
Invoice date: **01/01/19**
Line 1: Click in PRODUCT/SERVICE field, click the drop-down list arrow
Click **+ Add new**, click **Service**

Enter the Name: **Dog Walking**
Click in the Description on sales forms text box, enter **Dog Walking**
Tab to or click in the Sales price/rate text box, enter the hourly rate of **15**
Click the drop-down list arrow for Income account
Scroll through the list of accounts to find an appropriate service account



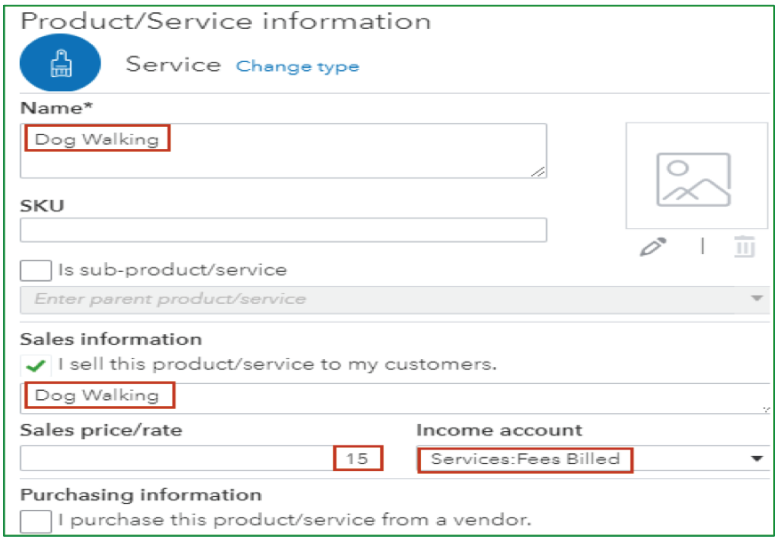
- Since none of the accounts is what you want, you have two choices: use an account that is in the list and edit the account name later or create a new account.

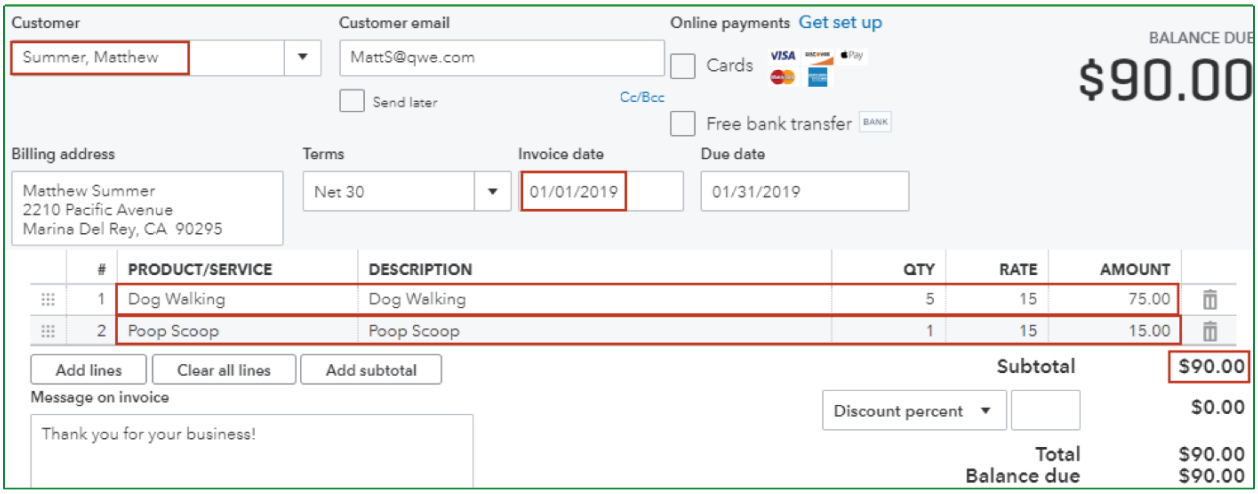
The account Services subaccount Fees Billed has not been associated with any of the Products/Services, click **Fees Billed** to select it for the account

- After the invoice is complete, you will edit Fees Billed and change the name to something more appropriate.

Click **Save and close** on the Product/Service information screen
Tab to QTY and enter **5**, press **Tab**
Line 2: Click in PRODUCT/SERVICE, click **+ Add new**
Repeat the steps to add another **Service** item
Name: **Poop Scoop**
Description: **Poop Scoop**
Sales price/rate: **15**
Income account: **Services:Fees Billed**
Complete the Invoice

- What quantity did you use for Poop Scoop?





Print and/or save, and submit as previously instructed

- Name the document **6-Your Name Inv 1034 M Summer Ch 3**

Click **Save and close** on the Invoice

- If a blank Invoice is on the screen, click the Close button at the top of the Invoice.

Do not close Your Name's Beach Barkers

CHANGE ACCOUNT NAME AND VERIFY SALES ITEMS—DO

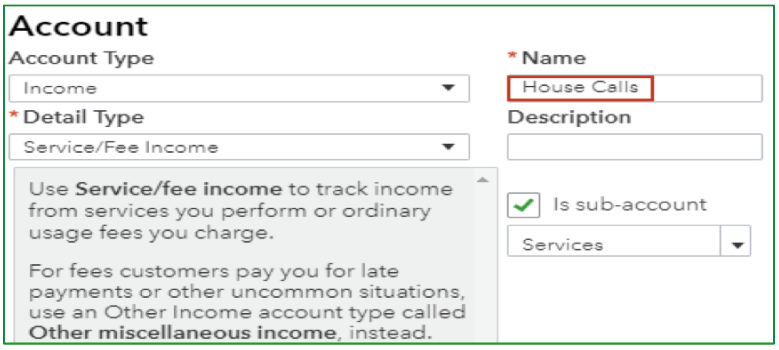
When adding the two new service items to an Invoice, appropriate income accounts were not available. As a result, the two new items Dog Walking and Poop Scoop were assigned a temporary income account. The name of the temporary income account needs to be changed.

DO

In the company **Your Name's Beach Barkers**, rename the Services subaccount Fees Billed to House Calls

Click **Accounting** on the Navigation bar, click the Chart of Accounts to open
Scroll through the accounts until you see the subaccount of Services: Fees Billed
Click the drop-down list arrow for Run report next to Fees Billed
Click **Edit**
Click in the Name text box, delete Fees Billed, and key in **House Calls**

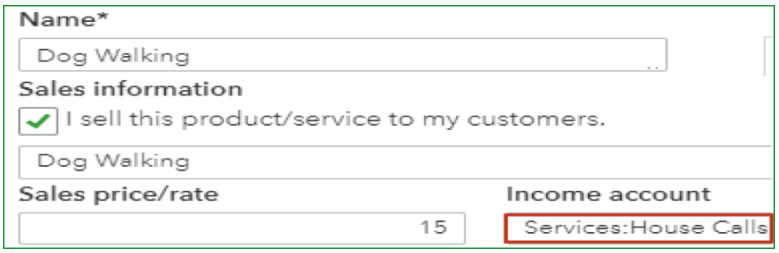
- Note that Is sub-account is marked and the parent account is Services.


Account
Account Type
Income
*Detail Type
Service/Fee Income
Use Service/fee income to track income from services you perform or ordinary usage fees you charge.
For fees customers pay you for late payments or other uncommon situations, use an Other Income account type called Other miscellaneous income, instead.
*Name
House Calls
Description
Is sub-account
Services

Click **Save and Close**

- Note the account House Calls in the Chart of Accounts. It has replaced Fees Billed.

Click the **Gear** icon, then click **Products and Services** in the Lists column; or, click **Sales** or **Invoices** on the Navigation bar, and then click **Products and Services**



Click **Edit** for Dog Walking

- Notice that the Income account shows Services:House Calls.

Close Dog Walking

Edit Poop Scoop to verify the Income account of Services:House Calls

Do not close Your Name's Beach Barkers

3

ENTER TRANSACTIONS—DO

Now that transactions have been entered following step-by-step instructions, additional transactions should be entered without guidance. If you do not remember how to enter something, refer to steps presented earlier in the chapter.

MEMO

DATE: January 1, 2019

Larry Bailey brought in his dog, Wally, for a Bath and Nail trim. Add the two new service items (Name: Bath, Description: Bath, Rate: 35, Income account: Services:Grooming. Name: Nails, Description: Nails, Rate: 20, Income account: Services:Grooming), Invoice 1035.
Oscar Gilbert signed up his dog, Brut, for Ten One-Hour Sessions of Training, Invoice 1036.
Annabelle Morgan needs someone to come to her home and walk her dog, Salty, 1 hour a day for five days. Plus, Annabelle wants you to pick up after Salty on the fifth day of walking—1 hour of Poop Scoop. While at home, Salty should be brushed every time he is walked. (There is a product/service item named Brushes, which is for a product, brush.) Add the new service item (Name: Dog Brushing, Rate: 15, Description: Dog Brushing, Income account: Services:Grooming), Invoice 1037.
A new customer brought in her dog, Lily for 1 day of Day Camp, 1 Bath, and 1 Nails. Add the new customer, Carol Russell (Email: CRuss@beach.com, Phone: 310-555-4656, Address: 3403 Strongs Drive, Marina del Rey, CA 90291, Preferred Payment Method: Check, Terms: Net 30), Invoice 1038.

DO

Continue to use **Your Name's Beach Barkers** and enter the Invoices detailed in the Memo, add any new customers, and add any new service items necessary

Refer to earlier sections in the chapter if you need step-by-step instructions to add a new customer and/or to create a new sales item

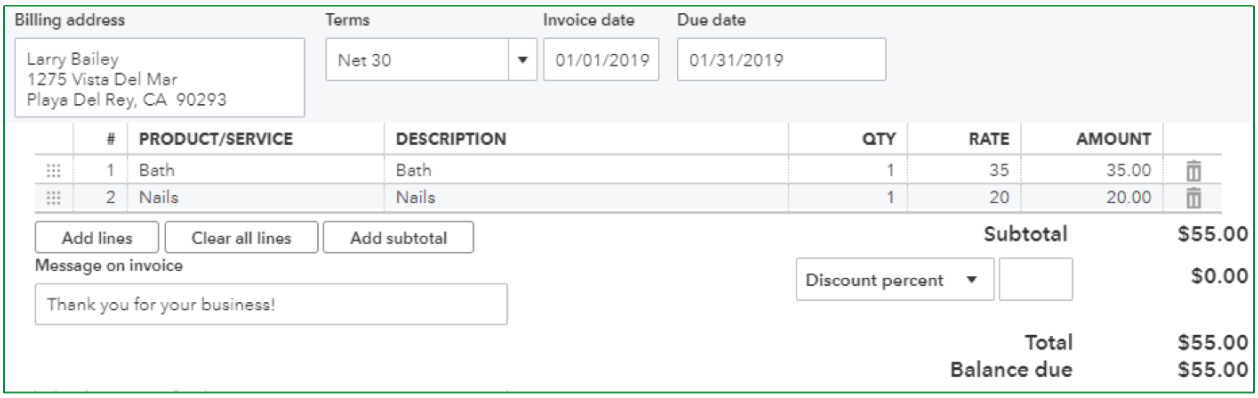
- Always check to make sure the Invoice date is January 1, 2019.
- If you make an error, correct it.
- Remember, when billing for Training there are three items available: Training 1 a single One-Hour Session, Training 2 a group of Five One-Hour Sessions, and Training 3 a

group of Ten One-Hour Sessions. As an example, if a customer signs up for five hours of training, you would use Training 2.

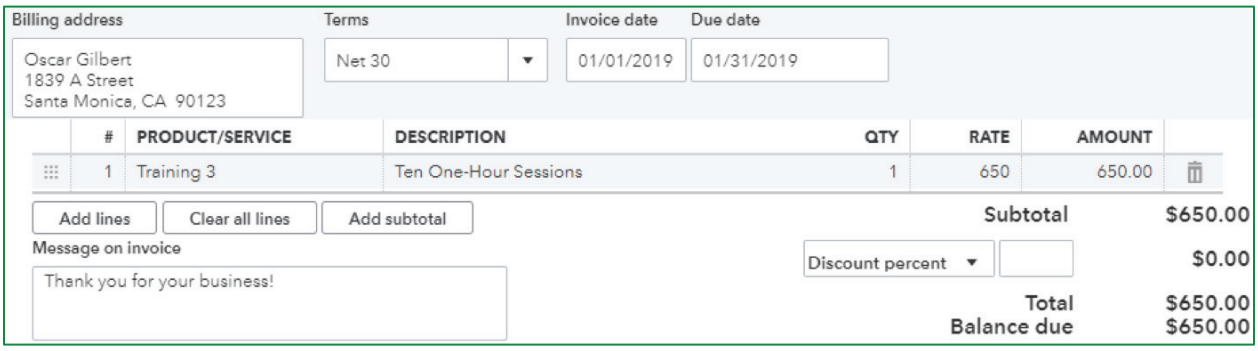
- If you forget to enter a quantity, QuickBooks Online will use a quantity of 1.
- Always use the Products/Services List to determine the appropriate service items for the Invoice. If you do not have an appropriate service item, create one.
- If instructed to do so by your professor, print, save, and submit each Invoice immediately after you enter the information for it. Name the Invoices just as you have been doing:

  7-Your Name Inv 1035 L Bailey Ch 3
  8-Your Name Inv 1036 O Gilbert Ch 3
  9-Your Name Inv 1037 A Morgan Ch 3
  10-Your Name Inv 1038 C Russell Ch 3

- To save in QuickBooks Online and go from one Invoice to the next, click **Save & new**.
- Click **Save & close** after Invoice 1038 has been entered and printed.

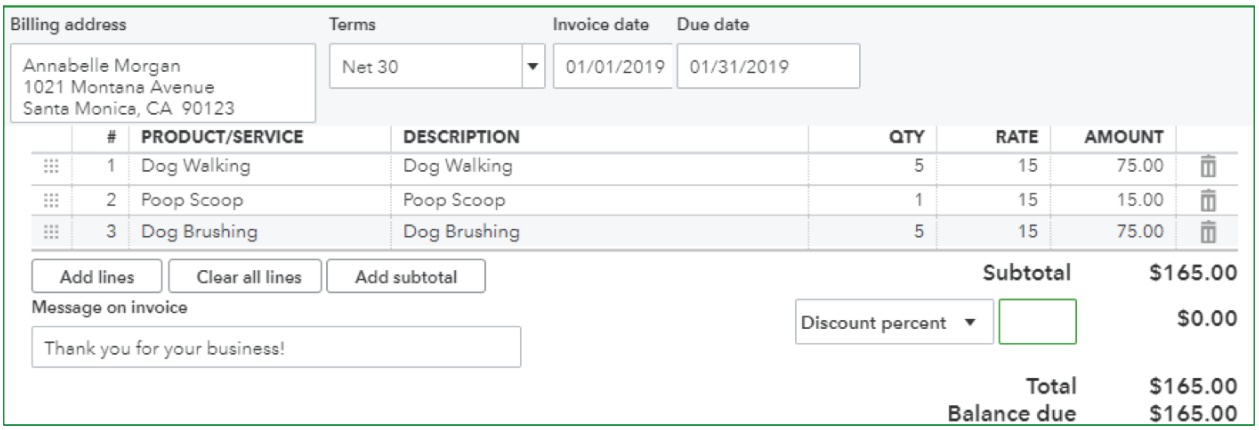


Invoice 1035



Invoice 1036

- Did you create two new Service items and enter a QTY of 5 for both Dog Walking and Dog Brushing on Annabelle Morgan's invoice?



Billing address
Annabelle Morgan
1021 Montana Avenue
Santa Monica, CA 90123

Terms: Net 30 | Invoice date: 01/01/2019 | Due date: 01/31/2019

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
1	Dog Walking	Dog Walking	5	15	75.00
2	Poop Scoop	Poop Scoop	1	15	15.00
3	Dog Brushing	Dog Brushing	5	15	75.00

Add lines | Clear all lines | Add subtotal

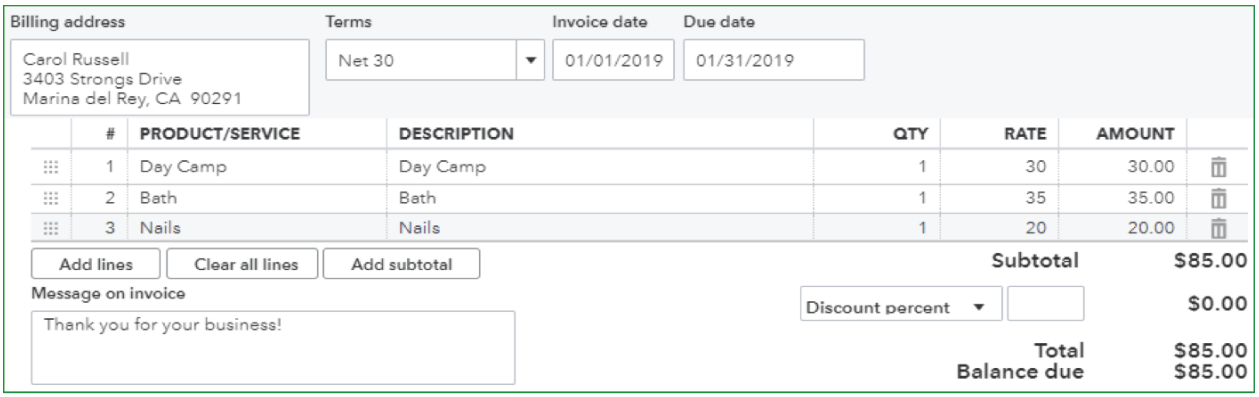
Subtotal $165.00

Message on invoice: Thank you for your business!

Discount percent $0.00

Total $165.00
Balance due $165.00

Invoice 1037



Billing address
Carol Russell
3403 Strongs Drive
Marina del Rey, CA 90291

Terms: Net 30 | Invoice date: 01/01/2019 | Due date: 01/31/2019

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
1	Day Camp	Day Camp	1	30	30.00
2	Bath	Bath	1	35	35.00
3	Nails	Nails	1	20	20.00

Add lines | Clear all lines | Add subtotal

Subtotal $85.00

Message on invoice: Thank you for your business!

Discount percent $0.00

Total $85.00
Balance due $85.00

Invoice 1038

Do not close Your Name's Beach Barkers

ANALYZE TRANSACTIONS IN THE JOURNAL—DO

Now that you have entered additional transactions, it is a good time to view the Journal. Remember, the Journal displays every transaction entered and includes information for the Transaction Type, Transaction Number, Name, Memo, Account, Debit, and Credit.

DO

Prepare a Journal to view all your entries in **Your Name's Beach Barkers**

Click **Reports** on the Navigation bar, scroll down to **For my accountant**, click **Journal**
Change the Dates for the report From: **01/01/2019** and To: **01/01/2019**, press **Tab**
Scroll through the report to view all of the Invoices entered to date

- If you do not see an Invoice, you probably did not use the date of 01/01/2019 when recording the invoice. To find your Invoice, enter the Current Date as the date for To:, and look for the missing Invoice(s). If you find them, click the word **Invoice**, and you will be returned to the actual Invoice. Change the Invoice date, then click **Save and close**.
- After correcting the Invoice, you will return to the Journal. Re-enter To: **01/01/19**, press **Tab**, and verify the correction(s).

- Check the items listed in the MEMO/DESCRIPTION column and the accounts listed in the ACCOUNTS column very carefully. Using an incorrect item and/or account can be a reason for errors.

Your Name's Beach Barkers
JOURNAL
January 1, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
01/01/2019	Invoice	1029	Gucci, Gloria		Accounts Receivable (A/R)	$30.00	
				Day Camp	Services:Day Camp		$30.00
						$30.00	**$30.00**
01/01/2019	Invoice	1030	Vines, Pamela		Accounts Receivable (A/R)	$650.00	
				Ten One-Hour Sessions	Services:Training		$650.00
						$650.00	**$650.00**
01/01/2019	Invoice	1031	Perez, Eric		Accounts Receivable (A/R)	$165.00	
				Boarding	Services:Boarding		$165.00
						$165.00	**$165.00**
01/01/2019	Invoice	1032	Clark, Bunni		Accounts Receivable (A/R)	$625.00	
				Boarding	Services:Boarding		$275.00
				Five One-Hour Sessions	Services:Training		$350.00
						$625.00	**$625.00**
01/01/2019	Invoice	1033	George, Ashley		Accounts Receivable (A/R)	$225.00	
				Day Camp	Services:Day Camp		$150.00
				One-Hour Session	Services:Training		$75.00
						$225.00	**$225.00**
01/01/2019	Invoice	1034	Summer, Matthew		Accounts Receivable (A/R)	$90.00	
				Dog Walking	Services:House Calls		$75.00
				Poop Scoop	Services:House Calls		$15.00
						$90.00	**$90.00**
01/01/2019	Invoice	1035	Bailey, Larry		Accounts Receivable (A/R)	$55.00	
				Bath	Services:Grooming		$35.00
				Nails	Services:Grooming		$20.00
						$55.00	**$55.00**
01/01/2019	Invoice	1036	Gilbert, Oscar		Accounts Receivable (A/R)	$650.00	
				Ten One-Hour Sessions	Services:Training		$650.00
						$650.00	**$650.00**
01/01/2019	Invoice	1037	Morgan, Annabelle		Accounts Receivable (A/R)	$165.00	
				Dog Walking	Services:House Calls		$75.00
				Poop Scoop	Services:House Calls		$15.00
				Dog Brushing	Services:Grooming		$75.00
						$165.00	**$165.00**
01/01/2019	Invoice	1038	Russell, Carol		Accounts Receivable (A/R)	$85.00	
				Day Camp	Services:Day Camp		$30.00
				Bath	Services:Grooming		$35.00
				Nails	Services:Grooming		$20.00
						$85.00	**$85.00**
TOTAL						**$2,740.00**	**$2,740.00**

- Is your total $2,740.00?

To close the report without printing, click **<Back to report List** below the title Journal Report

Do not close Your Name's Beach Barkers

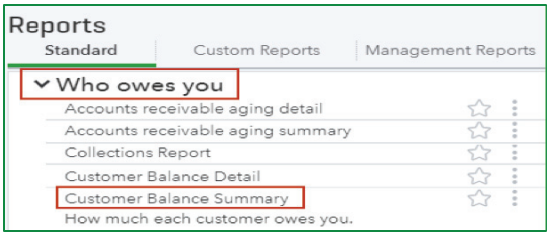
CUSTOMER BALANCE SUMMARY REPORT—DO

As you learned in the drill, the Customer Balance Summary shows the balances for all of the customers who owe you money. Customers without balances are not shown.

DO

Prepare, print, and/or save the Customer Balance Summary report for **Your Name's Beach Barkers**

You should be in Reports; if not, click **Reports** on the Navigation bar
Scroll through the report categories, if it is not expanded, click **Who owes you**
Click **Customer Balance Summary**
The report for All Dates will be shown



Your Name's Beach Barkers
CUSTOMER BALANCE SUMMARY
All Dates

	TOTAL
Anderson, Dori	2,500.00
Bailey, Larry	2,555.00
Clark, Bunni	4,125.00
George, Ashley	225.00
Gilbert, Oscar	1,150.00
Gucci, Gloria	30.00
Hernandez, Todd	1,800.00
Morgan, Annabelle	965.00
Norbert, Viv	2,900.00
Perez, Eric	1,665.00
Rodriguez, Ricardo	900.00
Russell, Carol	85.00
Stark, Colleen	3,200.00
Summer, Matthew	240.00
Vines, Pamela	1,400.00
Williams, Drake	3,650.00
Wilson, Katie	2,850.00
TOTAL	$30,240.00

To drill-down for Customer Balance Details for Annabelle Morgan, point to the amount in the TOTAL column
When the amount shows in blue, click the amount
This will take you to the Customer Balance Detail for Annabelle Morgan

- Note that Invoice 1019 was prepared 12/31/2018 to enter the opening balance and that Invoice 1037 was prepared for 01/01/2019.
- Sometimes, QuickBooks Online will assign invoice numbers to beginning balances that are different from the ones shown in the text. If QuickBooks Online used a different invoice number than 1019, simply look at the invoice for 12/31/2018.

Continue to drill-down to the Invoice, point to any of the information provided for Invoice 1037, when it turns blue, click it

Your Name's Beach Barkers
CUSTOMER BALANCE DETAIL
All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
Morgan, Annabelle						
12/31/2018	Invoice	1019	12/31/2018	800.00	800.00	800.00
01/01/2019	Invoice	1037	01/31/2019	165.00	165.00	965.00
Total for Morgan, Annabelle				$965.00	$965.00	
TOTAL				$965.00	$965.00	

- You will be taken to Invoice 1037.

Click the **Cancel** button at the bottom of the Invoice
Click**< Back to report summary** on Annabelle's Customer Balance Detail report

- Verify with your instructor if you should print, export, and/or submit the report.

If you are required to do so, perform one of the following:

Print: click the **Print** button
Make the appropriate selections on the Print menu:
Destination: should be the printer you will be using
Pages: All
Copies: 1
Layout: Portrait
Color: Black and white

- If necessary, check with your instructor about appropriate print settings.

Export to Excel: click the drop-down list arrow on the **Export** button, click **Export to Excel**. If you save the report, name it **11-Your Name Cust Bal Sum Ch 3**

- Remember, only reports may be exported to Excel.

Submit: as previously instructed or email the report directly to your instructor without saving to a pdf file, click the **Email** icon, then click the **Email** button, enter your instructor's email address, if you wish to add a note, do so in Note:, then click **Send**

Sign out and close Your Name's Beach Barkers

CORRECT AN INVOICE—DRILL

Errors may be corrected very easily with QuickBooks Online. Because an invoice is prepared for sales on account, corrections are made directly on the Invoice. You can access an invoice via the Customers List or in the Accounts Receivable account register. The account register contains detailed information regarding each transaction that used the account. Therefore, anytime an invoice is recorded, it is posted to the Accounts Receivable register.

MEMO
DATE: January 7, 2019

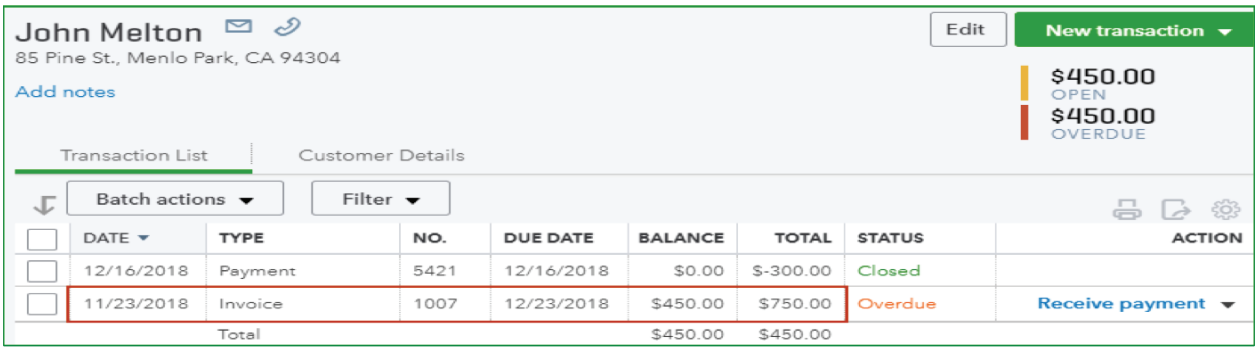
You realized that the Invoice Date for John Melton should have been January 5, 2019. In addition, he should have been billed for 15 hours of Custom Design. Correct Invoice 1007.

DRILL

Open the **Test Drive Company** and make corrections to an invoice

Open the Test Drive Company as previously indicated
Click **Sales** or **Invoices** on the Navigation bar, then click **Customers**
Scroll through the list, point to **John Melton**, when the name is underlined, click it

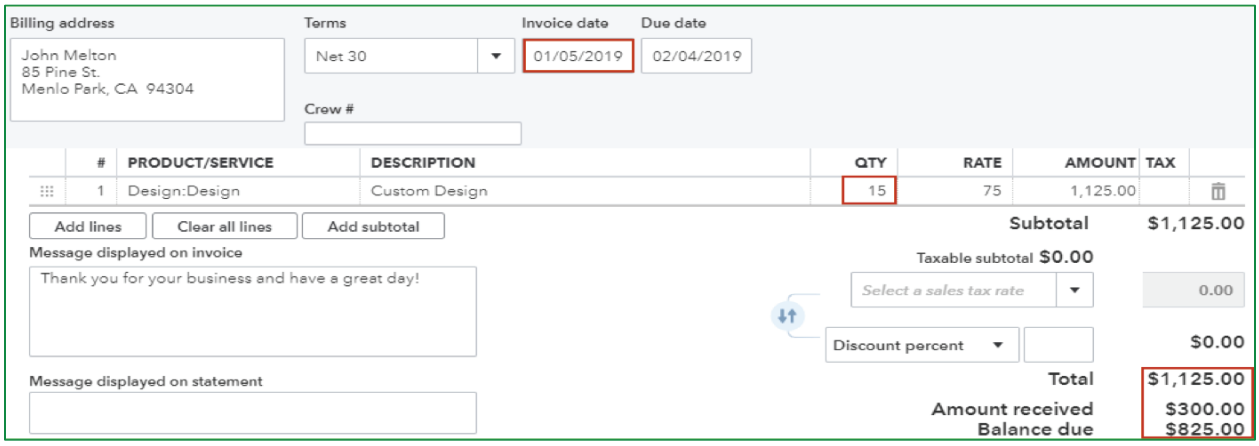
- The Transaction List for John Melton should appear on the screen.



Click anywhere in the line for **Invoice 1007** to open

- The Invoice date at the time of this writing was 11/23/2018. The Test Drive Company automatically changes dates. Therefore, the dates shown in the text will not match the date you see in the Test Drive Company.

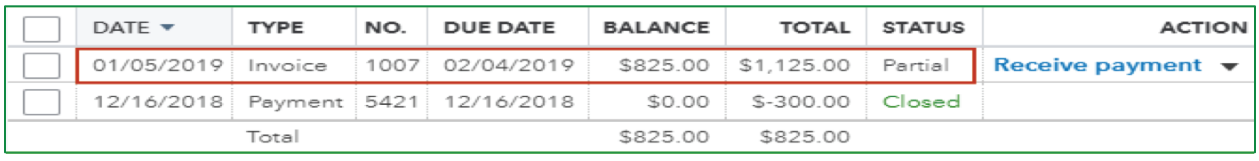
Click in the Invoice date column, remove the date, enter **010519**, press **Tab**
Click in QTY, remove 10, enter **15**, press **Tab**



- View the changes and note that the Balance Due shows $825.00.
- The Total shows $1,125.00. A partial payment of $300.00 had been received, which reduced the Balance due to $825.00.

Click **Save and close**
Click **Yes** on the message regarding the transaction being linked to others

- Notice the Invoice 1007 shown in the register for John Melton.


DATE TYPE NO. DUE DATE BALANCE TOTAL STATUS ACTION
01/05/2019 Invoice 1007 02/04/2019 $825.00 $1,125.00 Partial Receive payment
12/16/2018 Payment 5421 12/16/2018 $0.00 $-300.00 Closed
Total $825.00 $825.00

Do not close the Test Drive Company

CUSTOMER BALANCE DETAIL REPORT—DRILL

The Customer Balance Detail report shows all the transactions for each credit customer. The report lists unpaid Invoices for each customer and includes information for the Invoice date and number, due date, amount, open balance and balance.

DRILL

Continue to use the **Test Drive Company** and prepare a Customer Balance Detail report

Click **Reports** on the Navigation bar
Scroll the list of reports until you get to the **Who owes you** category
Click **Customer Balance Detail**
All Dates shows for the date range of the report

- Scroll through the Customer Balance Detail report and view the information presented.
- Notice that the Invoice you edited for John Melton is included in the report.

Craig's Design and Landscaping Services

CUSTOMER BALANCE DETAIL

All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
John Melton						
01/05/2019	Invoice	1007	02/04/2019	1,125.00	825.00	825.00
Total for John Melton				$1,125.00	$825.00	

Partial Report

Continue to the next section

- You should complete the next section as part of this work session!

Do not close the Test Drive Company

VOID AND DELETE INVOICES—DRILL

Deleting an invoice permanently removes it from QuickBooks without a trace. If you would like to correct your financial records for an invoice that you no longer want, it is more appropriate to void the invoice. When an invoice is voided, it remains in the QuickBooks system with a zero balance.

MEMO
DATE: January 7, 2019

John Melton decided to sell his home so he is canceling his plans for the custom design work. Void Invoice 1007.

John Melton asked that you remove Invoice 1007 from your records. Delete the Invoice.

DRILL

Continue to use the **Test Drive Company** and void an Invoice and delete an Invoice

Void Invoice

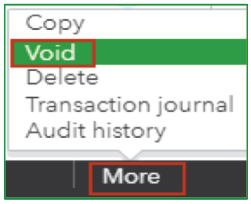
Since you want to keep Invoice 1007 for John Melton in your records, you will void the Invoice

Use the **Test Drive Company**, refer to the Memo and the following steps to Void an Invoice

With the Customer Balance Detail report showing on the screen, click **Invoice 1007** for John Melton to drill-down directly to the Invoice

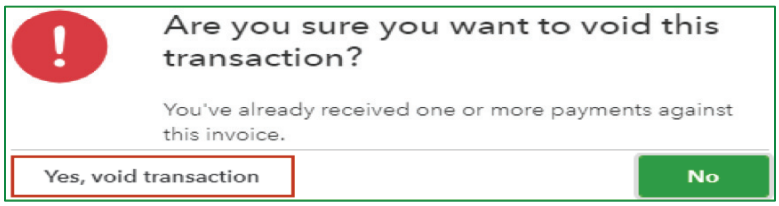
- If you do not have the report on the screen, click **Sales** or **Invoice** on the Navigation bar, click **Customers**, click **John Melton**, and click **Invoice 1007**.

With Invoice 1007 showing on the screen, click the **More** button at the bottom of the Invoice



Click **Void**

Click **Yes, void transaction** on the message


Are you sure you want to void this transaction?
You've already received one or more payments against this invoice.
Yes, void transaction
No

Click **OK** on the Transaction successfully voided screen

To view the effect of voiding the Invoice, click **Sales** or **Invoices** on the Navigation bar, then click **Customers**

Point to John Melton, when his name is underlined, click **John Melton**

- You will see Invoice 1007 with a Balance of 0.00 and a Status of Voided.

DATE	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
01/05/2019	Invoice	1007	02/04/2019	$0.00	$0.00	Voided	Print
12/16/2018	Payment	5421	12/16/2018	$-300.00	$-300.00	Unapplied	
	Total			$-300.00	$-300.00		

Delete Invoice

Since John requested you delete the Invoice from your records, you will delete Invoice 1007.

Continue to use the **Test Drive Company** and delete Invoice 1007

Click **Invoice 1007** in the Register for John Melton

Repeat the steps listed for voiding an Invoice, except click **Delete** after you click the **More** button

Click **Yes** on the Are you sure you want to delete this? screen

- You will be returned to the register. Invoice 1007 is no longer shown.

DATE	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
12/23/2016	Payment	5421	12/23/2016	$-300.00	$-300.00	Unapplied	

Close the Test Drive Company

CORRECT INVOICES—DO

Now that you have practiced making corrections on invoices, you will make corrections for two of Your Name's Beach Barkers invoices.

MEMO
DATE: January 7, 2019

Invoice 1037 for Annabelle Morgan should have January 5, 2019 for the date. In addition, she should have been billed for 2 hours of Poop Scoop. Correct the Invoice.

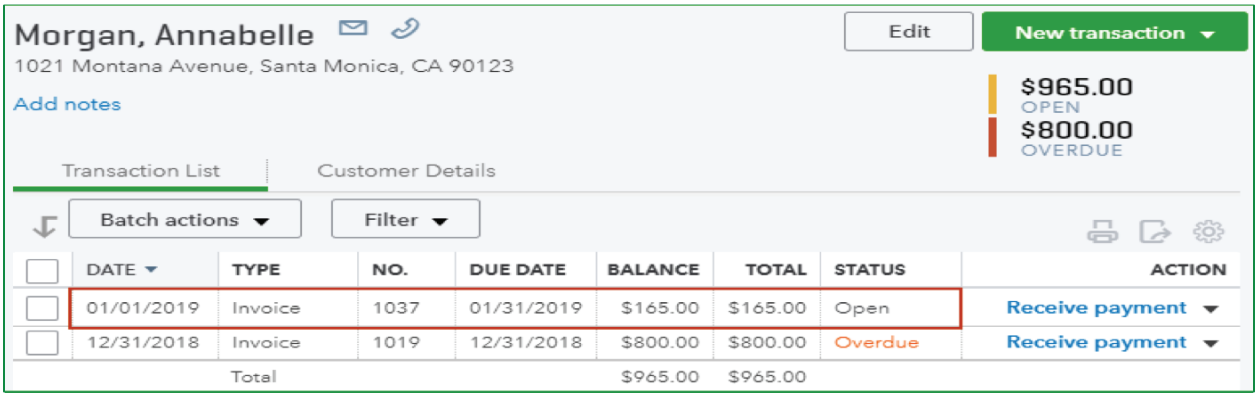
Invoice 1038 for Carol Russell should also be dated January 5, 2019. She should have been billed for 3 days of Day Camp and 3 Dog Brushing. Correct the Invoice.

DO

Continue to use **Your Name's Beach Barkers** and correct an Invoice

Open **Your Name's Beach Barkers** as previously indicated
Click **Sales** or **Invoices** on the Navigation bar, then click **Customers**
Scroll through the list, point to the name **Annabelle Morgan**, click the name when underlined

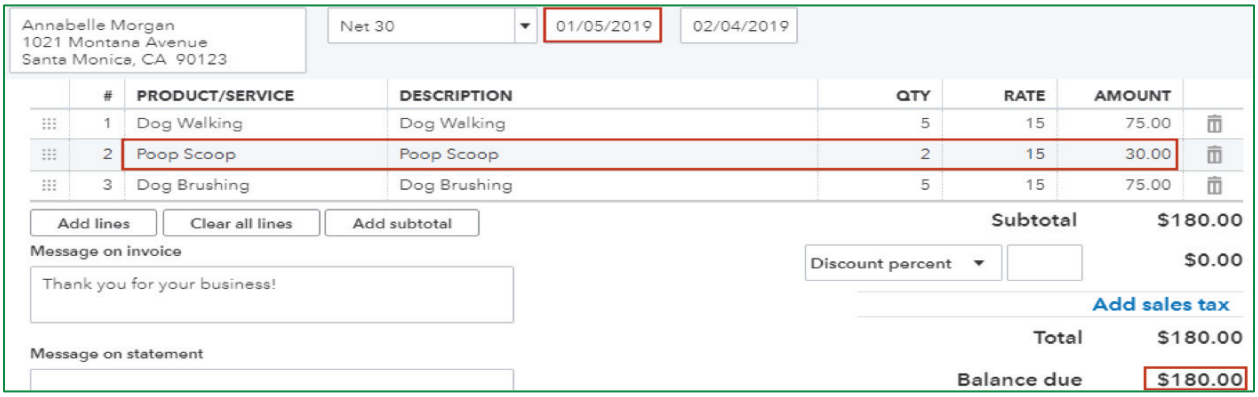
- The Transaction List for Annabelle Morgan should appear on the screen. Again, if QBO assigned a different number for the opening balance, simply look at the invoice for 12/31/2018.



Click anywhere in the line for **Invoice 1037**, dated 01/01/2019

- Invoice 1037 is opened.

Click in the Invoice date column, remove the date of 01/01/2019, enter **010519**, press **Tab**
Click in QTY for Poop Scoop, remove 1, enter **2**, press **Tab**



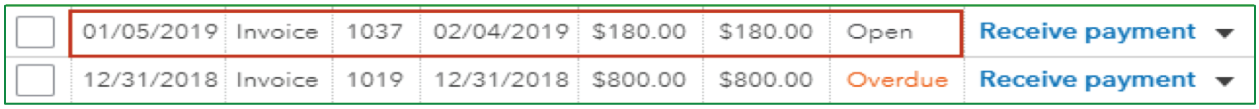
- View the changes and note that the Balance Due shows $180.00.

Print and/or save the Invoice 1037 as previously instructed

- Name the document **12-Your Name Inv 1037 A Morgan Corrected Ch 3**

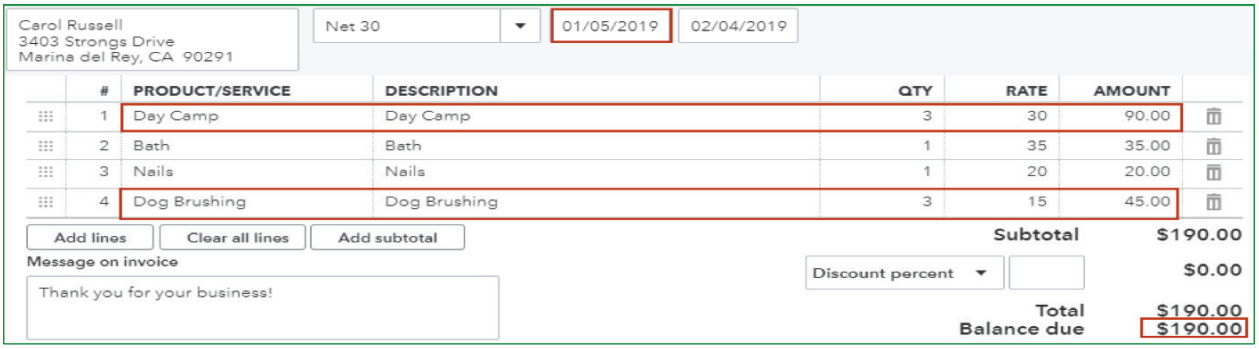
Click **Save and close**

- Invoice 1037 is in the register for Annabelle Morgan.



☐	01/05/2019	Invoice	1037	02/04/2019	$180.00	$180.00	Open	Receive payment
☐	12/31/2018	Invoice	1019	12/31/2018	$800.00	$800.00	Overdue	Receive payment

Scroll through the **Customers** list, refer to the Memo, and make the corrections for Carol Russell



Carol Russell
3403 Strongs Drive
Marina del Rey, CA 90291

Net 30 | 01/05/2019 | 02/04/2019

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
1	Day Camp	Day Camp	3	30	90.00
2	Bath	Bath	1	35	35.00
3	Nails	Nails	1	20	20.00
4	Dog Brushing	Dog Brushing	3	15	45.00

Add lines | Clear all lines | Add subtotal

Subtotal $190.00

Message on invoice

Thank you for your business!

Discount percent $0.00

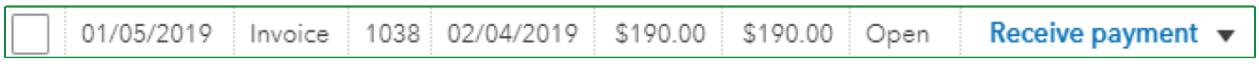
Total $190.00
Balance due $190.00

Print and/or save the corrected Invoice

- Name the document **13-Inv 1038 C Russell Corrected Ch 3**

Click **Save and close**

- Invoice 1038 is shown in the register for Carol Russell.



☐	01/05/2019	Invoice	1038	02/04/2019	$190.00	$190.00	Open	Receive payment

Do not close Your Name's Beach Barkers

CUSTOMER BALANCE DETAIL REPORT—DO

As you learned in the practice, preparing the Customer Balance Detail report allows you to verify the transactions for each credit customer. The report lists unpaid Invoices for each customer and includes information for the Invoice date, number, due date, amount, open balance, and balance.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Customer Balance Detail report

With the Your Name's Beach Barkers open, click **Reports** on the Navigation bar
Scroll through the list of reports until you get to the **Who owes you** category
Click **Customer Balance Detail**
All Dates shows for the date range of the report

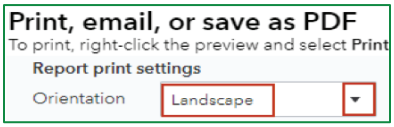
- Scroll through the Customer Balance Detail report and view the information presented.
- Notice that the Invoices you edited for Annabelle Morgan and Carol Russell are included in the report.

Your Name's Beach Barkers
CUSTOMER BALANCE DETAIL
All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
Anderson, Dori						
12/31/2018	Invoice	1015	12/31/2018	2,500.00	2,500.00	2,500.00
Total for Anderson, Dori				**$2,500.00**	**$2,500.00**	
Bailey, Larry						
12/31/2018	Invoice	1016	12/31/2018	2,500.00	2,500.00	2,500.00
01/01/2019	Invoice	1035	01/31/2019	55.00	55.00	2,555.00
Total for Bailey, Larry				**$2,555.00**	**$2,555.00**	
Clark, Bunni						
12/31/2018	Invoice	1017	12/31/2018	3,500.00	3,500.00	3,500.00
01/01/2019	Invoice	1032	01/31/2019	625.00	625.00	4,125.00
Total for Clark, Bunni				**$4,125.00**	**$4,125.00**	
George, Ashley						
01/01/2019	Invoice	1033	01/31/2019	225.00	225.00	225.00
Total for George, Ashley				**$225.00**	**$225.00**	
Gilbert, Oscar						
12/31/2018	Invoice	1018	12/31/2018	500.00	500.00	500.00
01/01/2019	Invoice	1036	01/31/2019	650.00	650.00	1,150.00
Total for Gilbert, Oscar				**$1,150.00**	**$1,150.00**	
Gucci, Gloria						
01/01/2019	Invoice	1029	01/31/2019	30.00	30.00	30.00
Total for Gucci, Gloria				**$30.00**	**$30.00**	
Hernandez, Todd						
12/31/2018	Invoice	1022	12/31/2018	1,800.00	1,800.00	1,800.00
Total for Hernandez, Todd				**$1,800.00**	**$1,800.00**	
Morgan, Annabelle						
12/31/2018	Invoice	1019	12/31/2018	800.00	800.00	800.00
01/05/2019	Invoice	1037	02/04/2019	180.00	180.00	980.00
Total for Morgan, Annabelle				**$980.00**	**$980.00**	
Norbert, Viv						
12/31/2018	Invoice	1020	12/31/2018	2,900.00	2,900.00	2,900.00
Total for Norbert, Viv				**$2,900.00**	**$2,900.00**	
Perez, Eric						
12/31/2018	Invoice	1021	12/31/2018	1,500.00	1,500.00	1,500.00
01/01/2019	Invoice	1031	01/31/2019	165.00	165.00	1,665.00
Total for Perez, Eric				**$1,665.00**	**$1,665.00**	
Rodriguez, Ricardo						
12/31/2018	Invoice	1023	12/31/2018	900.00	900.00	900.00
Total for Rodriguez, Ricardo				**$900.00**	**$900.00**	
Russell, Carol						
01/05/2019	Invoice	1038	02/04/2019	190.00	190.00	190.00
Total for Russell, Carol				**$190.00**	**$190.00**	
Stark, Colleen						
12/31/2018	Invoice	1024	12/31/2018	3,200.00	3,200.00	3,200.00
Total for Stark, Colleen				**$3,200.00**	**$3,200.00**	
Summer, Matthew						
12/31/2018	Invoice	1025	12/31/2018	150.00	150.00	150.00
01/01/2019	Invoice	1034	01/31/2019	90.00	90.00	240.00
Total for Summer, Matthew				**$240.00**	**$240.00**	
Vines, Pamela						
12/31/2018	Invoice	1026	12/31/2018	750.00	750.00	750.00
01/01/2019	Invoice	1030	01/31/2019	650.00	650.00	1,400.00
Total for Vines, Pamela				**$1,400.00**	**$1,400.00**	
Williams, Drake						
12/31/2018	Invoice	1027	12/31/2018	3,650.00	3,650.00	3,650.00
Total for Williams, Drake				**$3,650.00**	**$3,650.00**	
Wilson, Katie						
12/31/2018	Invoice	1028	12/31/2018	2,850.00	2,850.00	2,850.00
Total for Wilson, Katie				**$2,850.00**	**$2,850.00**	
TOTAL				**$30,360.00**	**$30,360.00**	

Print in Landscape, Export, and/or Save the report

- To print in Landscape orientation, on the Print, email, or save as PDF screen, you will click the drop-down list arrow for Orientation, click **Landscape**, continue printing as previously instructed.
- Name it **14-Your Name Cust Bal Detail Ch 3**



Continue to the next section

VOID AND DELETE INVOICES—DO

As you learned in the practice, deleting an Invoice permanently removes it from QuickBooks Online. When an invoice is voided, it remains in QuickBooks Online with a zero balance.

MEMO
DATE: January 7, 2019

Eric Perez had a change in travel plans and will not be boarding his dog, Frank, at this time. Void Invoice 1031.

Gloria Gucci's dog, Mishka, got sick and had to go to the vet rather than come to Day Camp. Delete Invoice 1029.

DO

Continue to use **Your Name's Beach Barkers** and void and delete Invoices

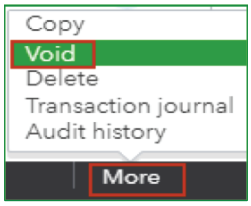
Void Invoice

Since you want to keep Invoice 1031 for Eric Perez in your records, you will void the Invoice.

Use **Your Name's Beach Barkers**, refer to the Memo and the following steps to Void an Invoice

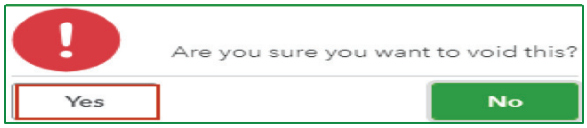
With the Customer Balance Detail report showing on the screen, click **Invoice 1031** for Eric Perez to drill-down directly to the Invoice
- If you do not have the report on the screen, **Sales** or **Invoices** on the Navigation bar, click **Customers**, click **Eric Perez**, and click **Invoice 1031** in his Transaction List.

With Invoice 1031 showing on the screen, click the **More** button at the bottom of the Invoice



Click **Void**

Click **Yes** on the message



Click **OK** on the Transaction successfully voided screen
- You will be returned to the report. Because the report does not show voided Invoices, Invoice 1031 is no longer shown.

Delete Invoice

Since you do not want Invoice 1029 for Gloria Gucci in your records, you will delete the Invoice.

Continue to use **Your Name's Beach Barkers**, refer to the Memo and the following steps to delete an Invoice

Click **Invoice 1029** for Gloria Gucci In the Customer Balance Detail report or access her account in the Customers List, and click **Invoice 1029**
Repeat the steps shown for voiding, except click **Delete** after you click the **More** button
Click **Yes** on the screen for Are you sure you want to delete this?

- You will be returned to the report. Gloria Gucci and Invoice 1029 are no longer shown.

Do not close Your Name's Beach Barkers

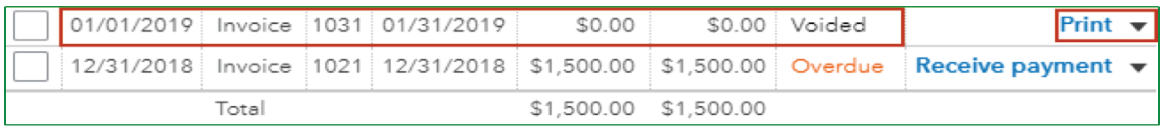
View Individual Accounts and Print Voided Invoice

Once you delete and/or void Invoices, it is helpful to look at the individual customer's account.

Continue to use **Your Name's Beach Barkers**, return to the Customers List and view the accounts for Eric Perez and Gloria Gucci

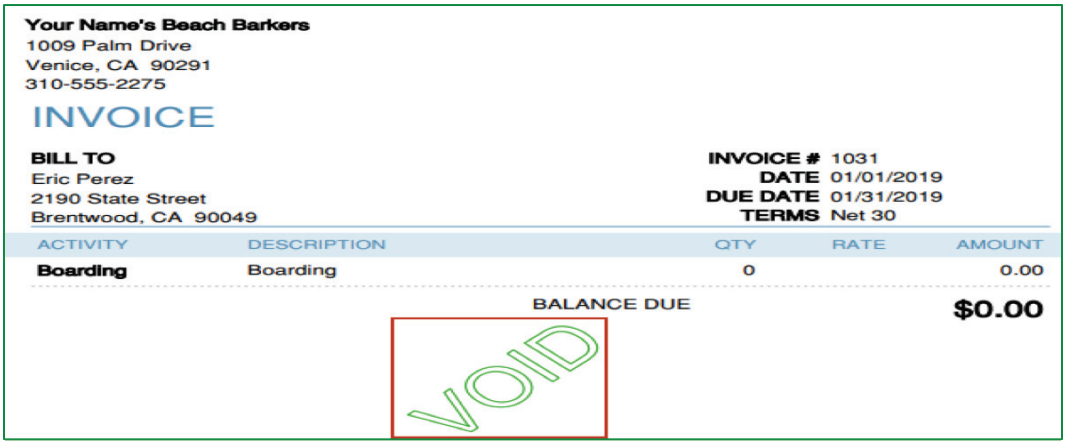
Click **Sales** or **Invoices** on the Navigation bar, click **Customers**
Point to Perez, Eric when his name is underlined, click **Perez, Eric**

- You will see Invoice 1031 with a Balance of 0.00 and a Status of Voided.



01/01/2019	Invoice	1031	01/31/2019	$0.00	$0.00	Voided	Print
12/31/2018	Invoice	1021	12/31/2018	$1,500.00	$1,500.00	Overdue	Receive payment
	Total			$1,500.00	$1,500.00		

- If you are required to save pdf copy and/or print the Invoice, click **Print** in the register and follow steps previously provided. Name the document **15-Your Name Inv 1031 E Perez Void Ch 3** Notice that it is stamped VOID.



Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

INVOICE

BILL TO
Eric Perez
2190 State Street
Brentwood, CA 90049

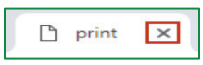
INVOICE # 1031
DATE 01/01/2019
DUE DATE 01/31/2019
TERMS Net 30

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Boarding	Boarding	0		0.00

BALANCE DUE **$0.00**

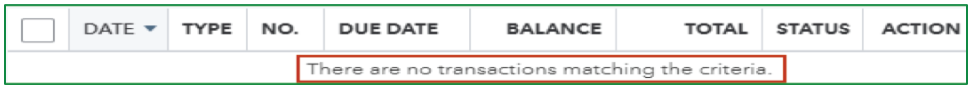
VOID

When printing from the register, QuickBooks Online opened a separate tab in your browser, click **Close** on the browser tab



Repeat the steps to access Gloria Gucci's account

- Nothing is shown for Gloria's account because the Invoice was deleted and there were no other transactions in her account.



DATE	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
There are no transactions matching the criteria.							

Do not close Your Name's Beach Barkers

TRANSACTION LIST BY CUSTOMER—DO

The Transaction List by Customer shows you the transactions for each customer within a certain time period and is in the Sales and Customers section of Reports.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Transaction List by Customer report

Click **Reports** on the Navigation bar
Scroll through the list of report categories
If necessary, click **Sales and Customers** to expand
Click **Transaction List by Customer**, which is the last report shown in this category
Enter the report dates From: **01/01/19** and To: **01/05/19**, click **Run Report**
You will see the Voided Invoice for Eric Perez

- Because the Invoice for Gloria Gucci was deleted, it does not appear in the Transaction List by Customer Report.

Your Name's Beach Barkers
TRANSACTION LIST BY CUSTOMER
January 1-5, 2019

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Bailey, Larry						
01/01/2019	Invoice	1035	Yes		Accounts Receivable (A/R)	55.00
Total for Bailey, Larry						**$55.00**
Clark, Bunni						
01/01/2019	Invoice	1032	Yes		Accounts Receivable (A/R)	625.00
Total for Clark, Bunni						**$625.00**
George, Ashley						
01/01/2019	Invoice	1033	Yes		Accounts Receivable (A/R)	225.00
Total for George, Ashley						**$225.00**
Gilbert, Oscar						
01/01/2019	Invoice	1036	Yes		Accounts Receivable (A/R)	650.00
Total for Gilbert, Oscar						**$650.00**
Morgan, Annabelle						
01/05/2019	Invoice	1037	Yes		Accounts Receivable (A/R)	180.00
Total for Morgan, Annabelle						**$180.00**
Perez, Eric						
01/01/2019	Invoice	1031	Yes	Voided	Accounts Receivable (A/R)	0.00
Total for Perez, Eric						**$0.00**
Russell, Carol						
01/05/2019	Invoice	1038	Yes		Accounts Receivable (A/R)	190.00
Total for Russell, Carol						**$190.00**
Summer, Matthew						
01/01/2019	Invoice	1034	Yes		Accounts Receivable (A/R)	90.00
Total for Summer, Matthew						**$90.00**
Vines, Pamela						
01/01/2019	Invoice	1030	Yes		Accounts Receivable (A/R)	650.00
Total for Vines, Pamela						**$650.00**

Print the report in Landscape orientation and/or save the list as previously instructed

- Name the report: **16-Your Name Trans List by Cust Ch 3**

Close Your Name's Beach Barkers

RECORD CASH SALES—DRILL

Not all sales in a business are on account. In many instances, payment is made at the time the service is performed. This is entered as a cash sale. When entering a cash sale, you prepare a Sales Receipt rather than an Invoice. QuickBooks Online records the transaction in the Journal and places the amount of cash received in an account called Undeposited Funds. The funds received remain in Undeposited Funds until you record a deposit to your bank account. Once deposited, the funds will appear in your checking or cash account. Recording transactions on Sales Receipts replaces the Cash Receipts Journal.

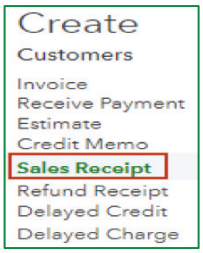
MEMO
DATE: January 10, 2019

Cool Cars needed to have a Pest Control Service Performed. Paid with Check 4985.

A new customer—Cash Customer—needed 5 hours of Maintenance & Repair at $50 per hour. Paid with cash.

DRILL

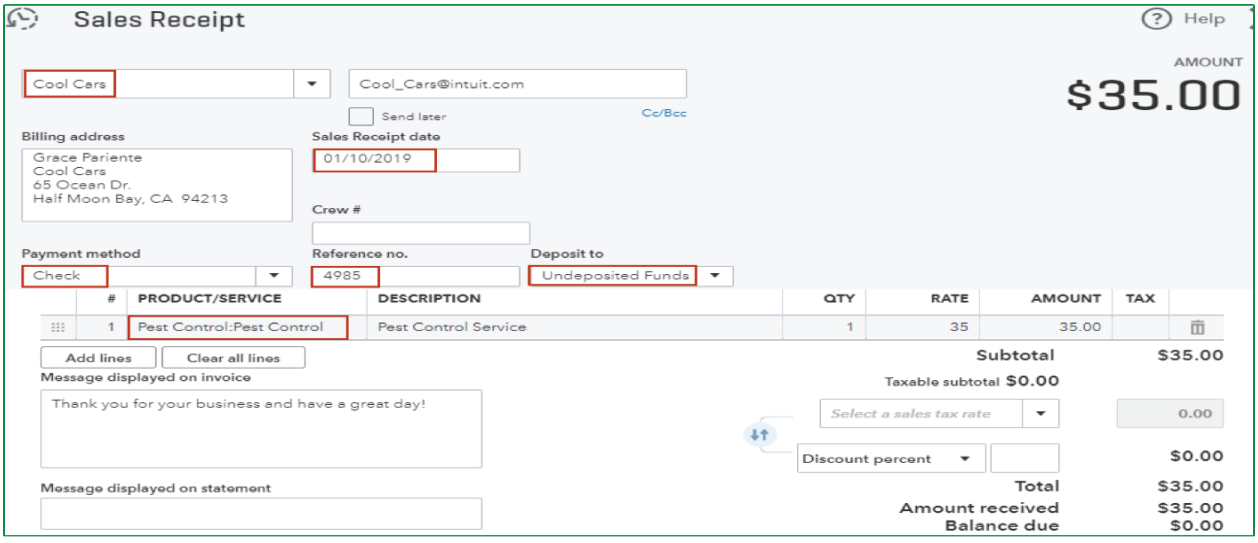
Open the **Test Drive Company** and prepare Sales Receipts to record sales paid by cash or check at the time of the sale



With the Test Drive Company open, practice completing Sales Receipts
Click the **Plus** icon in the Top-Navigation bar
Click **Sales Receipt** in the Customers column on the Create screen
Click the drop-down list arrow for Choose a customer, click **Cool Cars**
Tab to or click in the Date text box, enter the date **011019**
Click the drop-down list arrow for Payment method, click **Check**
Tab to Reference no. and enter the check number **4985**

- Deposit to should show Undeposited Funds, if it does not, click the drop-down list arrow, then click Undeposited Funds.

As you did for Invoices, select the PRODUCT/SERVICE of **Pest Control**, press **Tab**, and view the Sales Receipt



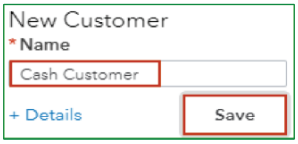
- The visual appearance of a Sales Receipt is very similar to an Invoice. Sales Receipts are numbered sequentially with Invoices. Some of the differences are selecting the Payment method, Reference number (Check number), and the account for Deposit to. At the bottom of the Sales Receipt, you will see the transaction total in Amount received and $0.00 for the Balance due.

Click **Save and new** to go to a new Sales Receipt (If necessary, click the drop-down list arrow for the Save command shown, then click Save and new.)

Click the drop-down list arrow for Choose a customer and scroll through the list of customers

Since you do not see any list for Cash Customer, click **+ Add new**

Enter **Cash Customer** for the Name



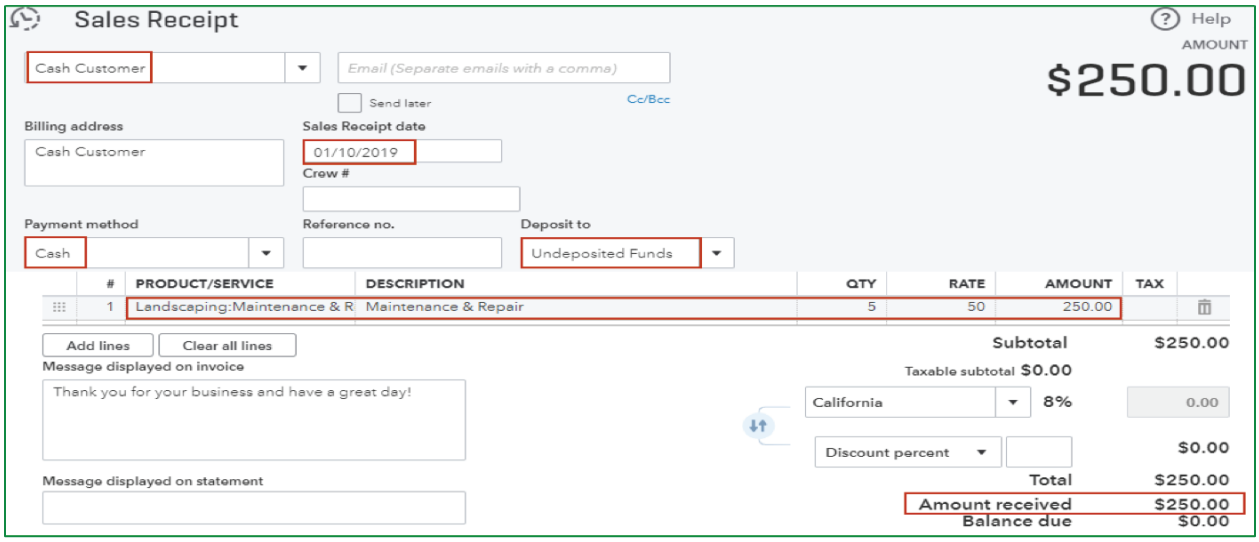
- Since a cash customer will not be used to record sales on account, there is no need to enter any details.

Click the **Save** button

- Notice that the Billing address only includes the name Cash Customer.

Make sure the Date is **011019**, and complete the Sales Receipt as previously instructed

Be sure to enter **Cash** as the Payment method, select **Maintenance & Repair** as the account, use a QTY of **5**, and a RATE of **50**



Click **Save and close**

- If you do not see Save and close, click the drop-down list arrow next to the save command displayed.
- If you get a blank Sales Receipt, click the close button at the top of the receipt.
- Complete the next section as part of this work session!

Do not close the Test Drive Company you must use your work to complete the next section

SALES BY CUSTOMER DETAIL REPORT—DRILL

To obtain information regarding sales, you prepare reports in the Sales and Customers category of Reports. Sales reports provide information regarding cash and credit sales. The Sales by Customer Detail report shows sales transactions for each customer. The report lists all sales transactions—Invoices and/or Sales Receipts—for each customer and includes information for: Date, Transaction Type, Num, Product/Service, Memo/Description, Qty, Sales Price, Amount, and Balance.

DRILL

Continue to use the **Test Drive Company** and prepare a Sales by Customer Detail report

Access **Reports** on the Navigation bar, scroll to the **Sales and Customers** category, expand if necessary, click **Sales by Customer Detail**
Use the Dates From: **01/01/19** and To: **01/10/19**
Click **Run Report**

- Scroll through the report and view the information presented. Only Cash Customer and Cool Cars are shown in the following report. The Test Drive Company is programmed with automatic date changes so you may have more than the two customers shown.

Craig's Design and Landscaping Services
SALES BY CUSTOMER DETAIL
January 1-10, 2019

DATE	TRANSACTION TYPE	NUM	PRODUCT/SERVICE	MEMO/DESCRIPTION	QTY	SALES PRICE	AMOUNT	BALANCE
▾ Cash Customer								
01/10/2019	Sales Receipt	1039	Landscaping:Maintenance & Repair	Maintenance & Repair	5.00	50.00	250.00	250.00
Total for Cash Customer							$250.00	
▾ Cool Cars								
01/10/2019	Sales Receipt	1038	Pest Control:Pest Control	Pest Control Services	1.00	35.00	35.00	35.00
Total for Cool Cars							$35.00	
TOTAL							$285.00	

Do not close the report, continue to the next section
Complete the next section as part of this work session!
Do not close the Test Drive Company

CORRECT SALES RECEIPT—DRILL

As with Invoices, errors in Sales Receipts may be corrected very easily with QuickBooks Online. Because a Sales Receipt is prepared for cash sales, corrections are made on the Sales Receipt. Since Sales Receipts are shown in the Sales by Customer Detail report, you drill-down via the report by clicking the Sales Receipt to be corrected. If you do not have the report on the screen, you may access the Sales Receipt by going to the customer's account in the Customers List.

MEMO
DATE: January 10, 2019

As you review the Sales Receipts shown in the Sales by Customer Detail report, you realize that you did not record 5 hours of Trimming for the Cash Customer on Sales Receipt 1039.

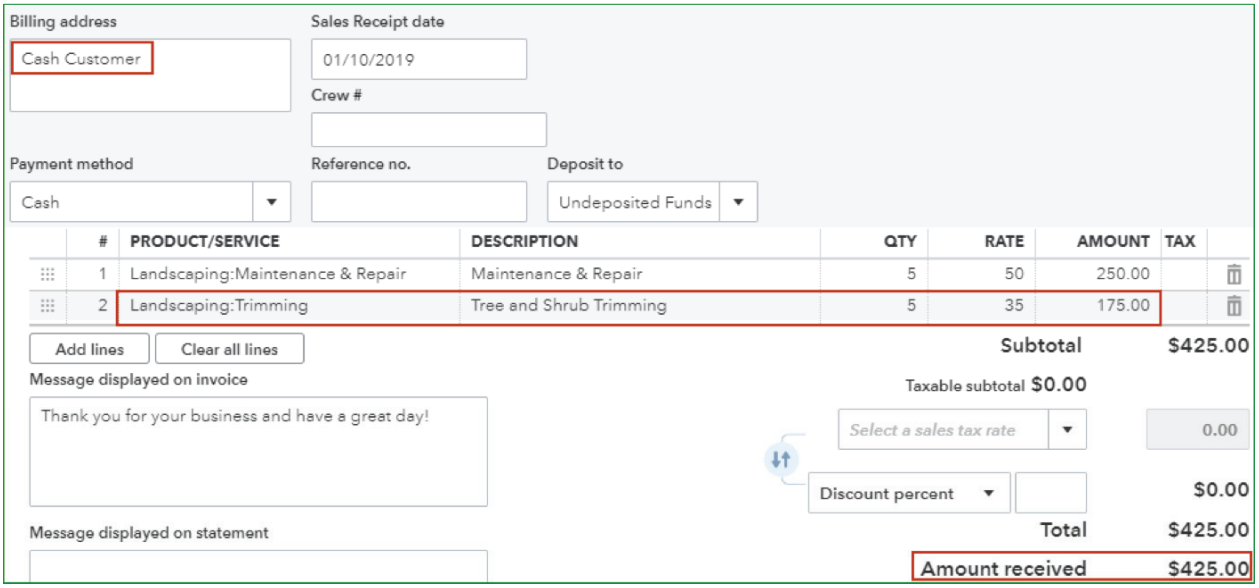
DRILL

Continue to use the **Test Drive Company** and correct a Sales Receipt

With the Sales by Customer Detail report showing on the screen, point to and click **Sales Receipt 1039** for Cash Customer

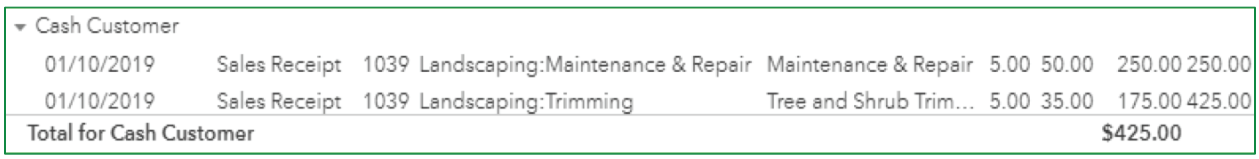
- Sales Receipt 1039 for Cash Customer will be opened.

Enter the second line of the Sales Receipt for **5** hours of **Trimming** as previously instructed



View the changes and note that the Amount Received shows $425.00.
Click **Save and close** (If necessary, click the drop-down list to find this.)

- If the Sales by Customer Detail report is on the screen, you will see the additional information for Sales Receipt 1039.


Cash Customer
01/10/2019 Sales Receipt 1039 Landscaping:Maintenance & Repair Maintenance & Repair 5.00 50.00 250.00 250.00
01/10/2019 Sales Receipt 1039 Landscaping:Trimming Tree and Shrub Trim... 5.00 35.00 175.00 425.00
Total for Cash Customer $425.00

Do not close the Test Drive Company

SALES BY PRODUCT/SERVICE SUMMARY—DRILL

When information regarding the sales according to the product or service, a Sales by Product/Service Summary is the appropriate report to print or view. This report enables you to see how much revenue is being generated by each product and/or service item. This provides important information for decision making and managing the business.

DRILL

Continue to use the **Test Drive Company** and prepare the Sales by Product/Service Summary report

If the Sales by Customer Detail report is still showing on the screen, click **<Back to report list**, which is shown under the report title
In the **Sales and Customers** report category, click **Sales by Product/Service Summary**
Prepare the **Sales by Product/Service Summary** report for January 1-10, 2019

- If you need detailed instructions on report preparation, refer to instructions provided earlier in the chapter.

- This report provides information regarding the quantity, dollar amount, percent of sales, and average price for each sales item used.
- If your report does not match the following, it may be due to the Test Drive's automatic date change. Do not worry if the information you have does not match the report shown.

Craig's Design and Landscaping Services
SALES BY PRODUCT/SERVICE SUMMARY
January 1-10, 2019

	TOTAL						
	QUANTITY	AMOUNT	% OF SALES	AVG PRICE	COGS	GROSS MARGIN	GROSS MARGIN %
Landscaping							
Maintenance & Repair	5.00	250.00	54.35 %	50.00			
Trimming	5.00	175.00	38.04 %	35.00			
Total Landscaping		425.00	92.39 %				
Pest Control							
Pest Control	1.00	35.00	7.61 %	35.00			
Total Pest Control		35.00	7.61 %				
TOTAL		$460.00	100.00 %		$0.00		

Sign out and close the Test Drive Company

RECORD CASH SALES—DO

As you just learned in the drill, not all sales in a business are on account. When payment is made at the time the service is performed, it is entered as a cash sale. A cash sale may be paid for with cash, check, or credit card and is recorded on a Sales Receipt rather than an Invoice. Behind the scenes, QuickBooks Online records the transaction in the Journal and places the amount received in an account called Undeposited Funds. The funds received remain in Undeposited Funds until you record a deposit to your bank account.

MEMO
DATE: January 10, 2019

Joshua Davis enrolled his dog, Boomer, in Ten One-Hour Sessions of Training, Paid with Check 2643. Prepare SR (Sales Receipt) 1039.

A new customer, Cash Customer, brought in Fluffy for a quick dog brushing. Paid with Cash. Prepare SR (Sales Receipt) 1040.

Dori Anderson brought in her dogs, GiGi and Precious, for 1 day of Day Camp and a Dog Brushing. (Since there are two dogs, double the quantity.), Check 9534. Prepare SR 1041.

Another Cash Customer brought in his dog, Curly, for a Bath and Nail trimming, Check 4570. Prepare SR 1042.

Gloria Gucci brought in Mishka for a Bath. Paid with Cash. Prepare SR 1043.

DO

Open and use **Your Name's Beach Barkers** to prepare Sales Receipts for cash (and check) sales transactions

With the Your Name's Beach Barkers open, prepare the Sales Receipts listed in the Memo

Click the **Plus** icon
Click **Sales Receipt** in the Customers column on the Create screen
Click the drop-down list arrow for Choose a customer, click **Davis, Joshua**
Tab to or click in the text box for Sales Receipt date, enter **011019**

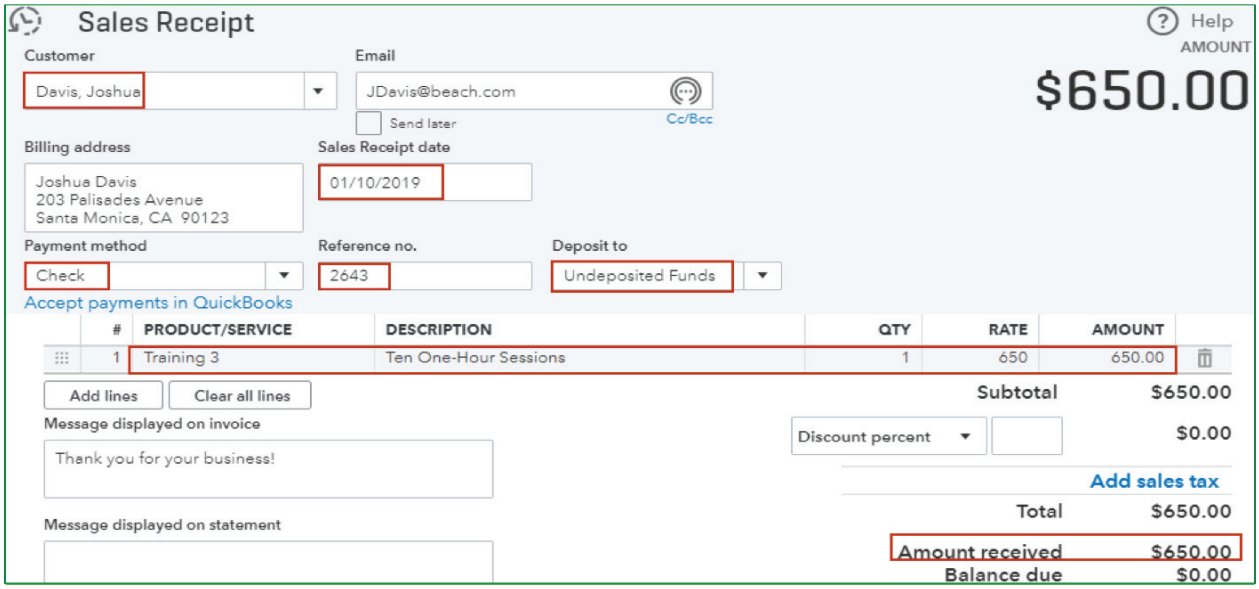
- If Check does not show automatically, click the drop-down list arrow for Payment method, then click **Check**.

Tab to Reference no., enter the check number **2643**

- Deposit to should be Undeposited Funds; if it is not the account shown, click the drop-down list arrow and click **Undeposited Funds**.

As you did for Invoices, select the PRODUCT/SERVICE of **Training 3** for the Ten One-Hour Sessions of Training, press **Tab**, and view the Sales Receipt

- If you see Add sales tax on the Sales Receipt, disregard it at this point in training. You will activate sales taxes in Chapter 6.
- Note: The message displayed on invoice shows your standard message of **Thank you for your business!**



- As you learned in your drill, the visual appearance of a Sales Receipt is similar to an Invoice. Some of the differences are selecting the Payment method, Reference number (Check), and the account for Deposit to. At the bottom of the Sales Receipt, you will see the transaction total as the Amount received, and $0.00 as the Balance due.
- Sales Receipts are numbered consecutively with Invoices. Since the last invoice entered was 1038, the first sales receipt is automatically numbered 1039.

Print and/or save as a pdf file as previously instructed

- Name the Sales Receipt: **17-Your Name SR 1039 J Davis Ch 3**

Click **Save and new** to save in QuickBooks Online and go to a new Sales Receipt

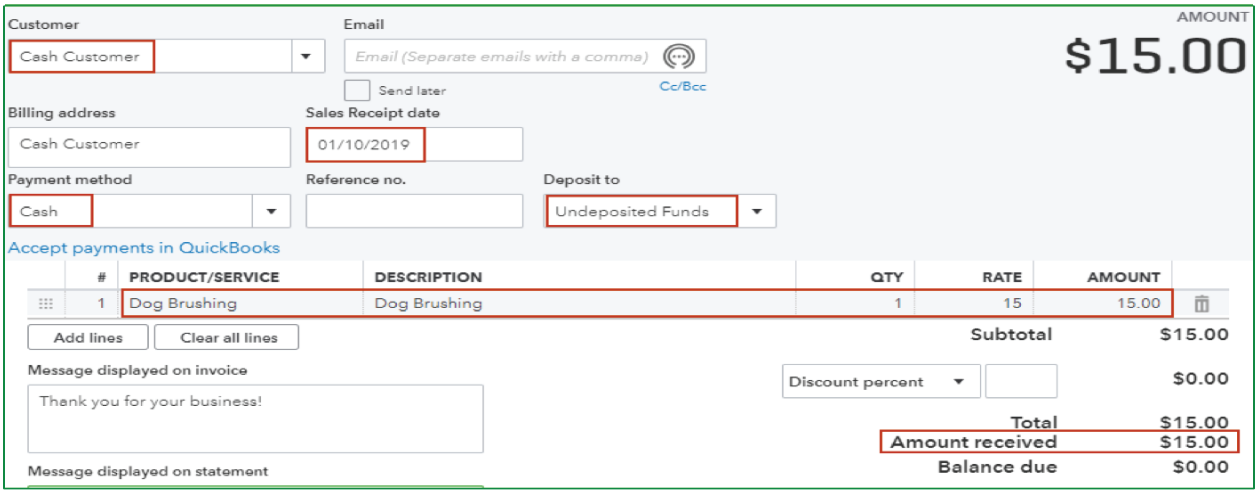
- If necessary, click the drop-down list for the Save command displayed to find this.

Add the new **Cash Customer** as instructed in the Drill

- Notice that the Billing address only includes the name Cash Customer.

Make sure the date is **01/10/19** and Deposit to is **Undeposited Funds**
Use the information in the Memo to complete the Sales Receipt as previously instructed
Enter **Cash** as the Payment method and select **Dog Brushing** as the item

- QBO automatically inserts 1 for the QTY.



Print and/or save the Sales Receipt as previously instructed

- Name the Sales Receipt: **18-Your Name SR 1040 Cash Cust Ch 3**

Click **Save and new** (If necessary, click the Save drop-down list to find this.)
Continue to enter, print, and/or save the Sales Receipts listed in the Memo

- Name the next three Sales Receipts:
  19-Your Name SR 1041 D Anderson Ch 3
  20-Your Name SR 1042 Cash Cust Ch 3
  21-Your Name SR 1043 G Gucci Ch 3
- The screenshots of the following Sales Receipts were taken using Print preview.

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

SALES RECEIPT

BILL TO
Dori Anderson
395 Brooks Ct.
Venice, CA 90202

SALES # 1041
DATE 01/10/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Day Camp	Day Camp	2	30.00	60.00
Dog Brushing	Dog Brushing	2	15.00	30.00

Thank you for your business!

TOTAL 90.00
BALANCE DUE **$0.00**

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

SALES RECEIPT

BILL TO
Cash Customer

SALES # 1042
DATE 01/10/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Bath	Bath	1	35.00	35.00
Nails	Nails	1	20.00	20.00

Thank you for your business!

TOTAL 55.00
BALANCE DUE **$0.00**

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

SALES RECEIPT

BILL TO
Gloria Gucci
795 Ocean Avenue
Venice, CA 90202

SALES # 1043
DATE 01/10/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Bath	Bath	1	35.00	35.00
Thank you for your business!	TOTAL			35.00
	BALANCE DUE			**$0.00**

Click **Save and close** as previously instructed
Continue to the next section without closing Your Name's Beach Barkers

SALES BY CUSTOMER DETAIL REPORT—DO

To obtain information regarding sales, you prepare reports in the Sales and Customers category of Reports. The Sales by Customer Detail report shows the sales transactions for each customer and includes information for the Date, Transaction Type, Num, Product/Service, Memo/Description, Qty, Sales Price, Amount, and Balance.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Sales by Customer Detail report

Access **Reports** on the Navigation bar, go to the **Sales and Customers** category, click **Sales by Customer Detail**
Use the Dates From: **01/01/19** and To: **01/10/19**, click **Run Report**

- Scroll through the report and view the information presented.

Your Name's Beach Barkers
SALES BY CUSTOMER DETAIL
January 1-10, 2019

DATE	TRANSACTION TYPE	NUM	PRODUCT/SERVICE	MEMO/DESCRIPTION	QTY	SALES PRICE	AMOUNT	BALANCE
Anderson, Dori								
01/10/2019	Sales Receipt	1041	Dog Brushing	Dog Brushing	2.00	15.00	30.00	30.00
01/10/2019	Sales Receipt	1041	Day Camp	Day Camp	2.00	30.00	60.00	90.00
Total for Anderson, Dori							**$90.00**	
Bailey, Larry								
01/01/2019	Invoice	1035	Bath	Bath	1.00	35.00	35.00	35.00
01/01/2019	Invoice	1035	Nails	Nails	1.00	20.00	20.00	55.00
Total for Bailey, Larry							**$55.00**	
Cash Customer								
01/10/2019	Sales Receipt	1042	Bath	Bath	1.00	35.00	35.00	35.00
01/10/2019	Sales Receipt	1042	Nails	Nails	1.00	20.00	20.00	55.00
01/10/2019	Sales Receipt	1040	Dog Brushing	Dog Brushing	1.00	15.00	15.00	70.00
Total for Cash Customer							**$70.00**	
Clark, Bunni								
01/01/2019	Invoice	1032	Training 2	Five One-Hour Sessions	1.00	350.00	350.00	350.00
01/01/2019	Invoice	1032	Boarding	Boarding	5.00	55.00	275.00	625.00
Total for Clark, Bunni							**$625.00**	
Davis, Joshua								
01/10/2019	Sales Receipt	1039	Training 3	Ten One-Hour Sessions	1.00	650.00	650.00	650.00
Total for Davis, Joshua							**$650.00**	

Partial Report

- Scroll through the report and view your entries. Is your total $3,510?

Since this is a report, follow instructions given earlier to print, export, and/or email it
Use **Landscape** orientation

- Name the report **22-Your Name Sales by Cust Detail Ch 3**

Do not close the report, or Your Name's Beach Barkers, continue to the next section

CORRECT SALES RECEIPT—DO

As you learned in the drill, errors in Sales Receipts may be corrected very easily with QuickBooks Online. Since Sales Receipts are shown in the Sales by Customer Detail report, access them by clicking on the Sales Receipt shown in the report. If you do not have the report on the screen, you may access the Sales Receipt by going to the customer's account in the Customers List.

MEMO
DATE: January 10, 2019

In reviewing the Sales Receipts shown in the Sales by Customer Detail report, you realize that you did not record 1 Nail trimming for Gloria Gucci's dog. Correct Sales Receipt 1043.

DO

Continue to use **Your Name's Beach Barkers** and correct a Sales Receipt

With the Sales by Customer Detail report showing on the screen, point to and click **Sales Receipt 1043** for Gloria Gucci

- Sales Receipt 1043 for Gloria Gucci will be opened.

Enter the second line of the Sales Receipt for 1 Nail trimming as previously instructed

SALES RECEIPT

BILL TO
Gloria Gucci
795 Ocean Avenue
Venice, CA 90202

SALES # 1043
DATE 01/10/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Bath	Bath	1	35.00	35.00
Nails	Nails	1	20.00	20.00

Thank you for your business!

TOTAL 55.00
BALANCE DUE **$0.00**

View the changes and note that the Total, which is the Amount Received, shows $55.00.
Save as a pdf and/or print the Sales Receipt

- Name it **23-Your Name SR 1043 G Gucci Corrected Ch 3**

Click **Save and close**

- If you have the Sales by Customer Detail report on the screen, you will see the additional information for Sales Receipt 1043.

Gucci, Gloria								
01/10/2019	Sales Receipt	1043	Nails	Nails	1.00	20.00	20.00	20.00
01/10/2019	Sales Receipt	1043	Bath	Bath	1.00	35.00	35.00	55.00
Total for Gucci, Gloria							$55.00	

Do not close Your Name's Beach Barkers

SALES BY PRODUCT/SERVICE SUMMARY—DO

A Sales by Product/Service Summary report enables you to see how much revenue is being generated by each product/service item.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Sales by Product/Service Summary report

Scroll to the top of the report, click **<Back to report list**, in the Sales and Customers category, prepare the Sales by Product/Service Summary report for January 1-10, 2019

- Be sure to click **Run report** after entering the dates.
- If you need detailed instructions on report preparation, refer to instructions provided earlier in the chapter.

Your Name's Beach Barkers
SALES BY PRODUCT/SERVICE SUMMARY
January 1-10, 2019

	TOTAL						
	QUANTITY	AMOUNT	% OF SALES	AVG PRICE	COGS	GROSS MARGIN	GROSS MARGIN %
Bath	4.00	140.00	3.97 %	35.00			
Boarding	5.00	275.00	7.79 %	55.00			
Day Camp	10.00	300.00	8.50 %	30.00			
Dog Brushing	11.00	165.00	4.67 %	15.00			
Dog Walking	10.00	150.00	4.25 %	15.00			
Nails	4.00	80.00	2.27 %	20.00			
Poop Scoop	3.00	45.00	1.27 %	15.00			
Training 1	1.00	75.00	2.12 %	75.00			
Training 2	1.00	350.00	9.92 %	350.00			
Training 3	3.00	1,950.00	55.24 %	650.00			
TOTAL		$3,530.00	100.00 %		$0.00		

- Analyze which products sell the most and which ones bring in the most revenue.

To drill-down and see the details for your most popular sales item, point to either the quantity or amount for **Dog Brushing** and click when underlined

Your Name's Beach Barkers
SALES BY PRODUCT/SERVICE DETAIL
January 1-10, 2019

DATE	TRANSACTION TYPE	NUM	CUSTOMER	MEMO/DESCRIPTION	QTY	SALES PRICE	AMOUNT	BALANCE
Dog Brushing								
01/05/2019	Invoice	1037	Morgan, Annabelle	Dog Brushing	5.00	15.00	75.00	75.00
01/05/2019	Invoice	1038	Russell, Carol	Dog Brushing	3.00	15.00	45.00	120.00
01/10/2019	Sales Receipt	1040	Cash Customer	Dog Brushing	1.00	15.00	15.00	135.00
01/10/2019	Sales Receipt	1041	Anderson, Dori	Dog Brushing	2.00	15.00	30.00	165.00
Total for Dog Brushing					11.00		$165.00	
TOTAL					11.00		$165.00	

To return to the Sales by Product/Service Summary, click Back to report summary

Since this is a report, follow instructions given earlier to print, export, and/or email it

- Name the report **24-Your Name Sales by Prod-Svc Sum Ch 3** Since you cannot use a / in a file name, use a hyphen – between Prod and Svc.

Sign out and close Your Name's Beach Barkers

CREDIT MEMO AND REFUND RECEIPT—DRILL

A Credit Memo is prepared to show a reduction to a transaction recorded on an Invoice. If the Invoice has already been sent to the customer, it is more appropriate and less confusing to make a change to a transaction by issuing a Credit Memo rather than voiding or deleting the Invoice and issuing a new one. A Credit Memo notifies a customer that a change has been made to a transaction and subtracts the amount from the amount due.

If, however, you have already received payment for the Invoice or the transaction was a cash sale recorded on a Sales Receipt, you will prepare a Refund Receipt and issue a refund of the money to the customer.

MEMO
DATE: January 12, 2019

Red Rock Diner only used 1 Pest Control treatment rather than the two billed on Invoice 1023. Prepare a Credit Memo.

Diego Rodriguez used 3 hours of Gardening service not the 4 listed on Sales Receipt 1014. Rate is $35 per hour. Prepare a Refund Receipt with Check as the Payment Method.

DRILL

Open and use the **Test Drive Company** to prepare a Credit Memo and a Refund Receipt

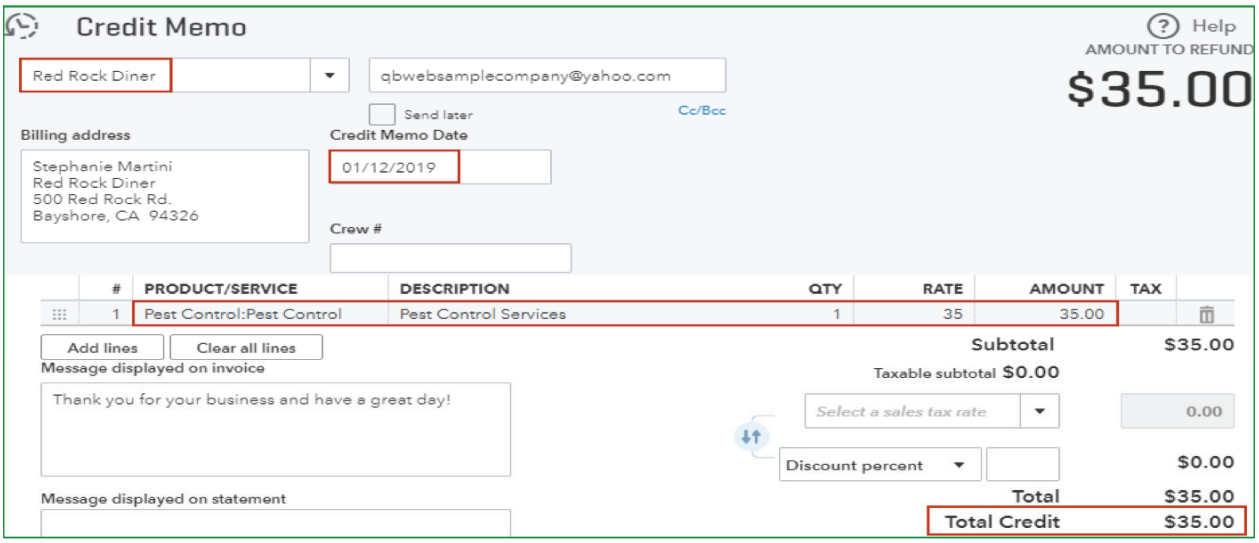
Credit Memo

The transaction for Pest Control treatment for Red Rock Diner was recorded on an Invoice. To record the reduction to the amount owed, you will prepare a Credit Memo.

Use the **Test Drive Company**, refer to the Memo and the following steps to prepare a Credit Memo for Red Rock Diner

Click the **Plus** icon in the Top-Navigation bar, in the Customers column click **Credit Memo**
Click the drop-down list arrow for Choose a customer, click **Red Rock Diner**
Enter the Credit Memo Date **011219**
Use **Pest Control** for the Product/Service

- The QTY is automatically entered as 1.

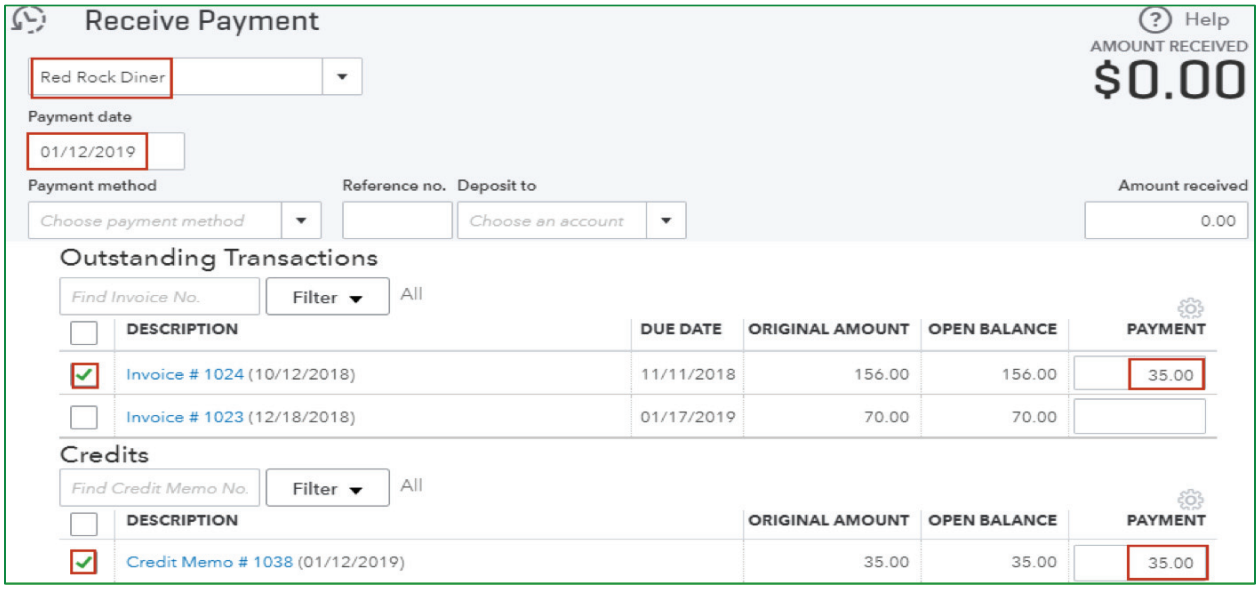


Review the Credit Memo, click **Save and close** as previously instructed
Go to the Customers List, and click **Red Rock Diner** to see the Credit Memo in the Transactions List

- Notice that the Date for the Credit Memo says 01/12/19, which is the date of the Credit Memo. There is also a Payment for 0.00 shown that is dated the Current Date.
- The Payment is generated automatically by QuickBooks Online in order to match the Credit Memo to the Invoice. Changing the date for the Payment to match the date of the Credit Memo will help you identify that the Payment and Credit Memo are linked.

Click the 0.00 Payment for the current date to open
Change the Payment date to **011219**, press **Tab**

- In the Outstanding Transactions section, you will see that Invoice 1024 has a check mark and a payment of $35.00. In the Credits section, Credit Memo 1038 also has a check mark and a payment of $35.00. This means that the Credit Memo was applied to the Invoice and the amount owed will be reduced.



Click **Save and close**
Click **Yes** on the message screen about modifying the transaction because it is linked

You will return to Red Rock Diner's Transaction List

- Notice that the Credit Memo and Payment are shown next to each other and have the same date.

Do not close the Test Drive Company

Refund Receipt

The transaction for Gardening Service for Diego Rodriguez was recorded on a Sales Receipt and paid in full. To refund the amount paid, you will prepare a Refund Receipt.

Continue to use the **Test Drive Company**, refer to the Memo and the following steps to prepare a Refund Receipt for Diego Rodriguez

Click the **Plus** icon in the Top-Navigation bar
Click **Refund Receipt** in the Customers column
Click the drop-down list arrow for Choose a customer, click **Diego Rodriguez**
Enter the Refund Receipt Date **011219**
Click the drop-down list arrow for Payment method, click **Check**

- Check is used because you are writing a check for the refund.

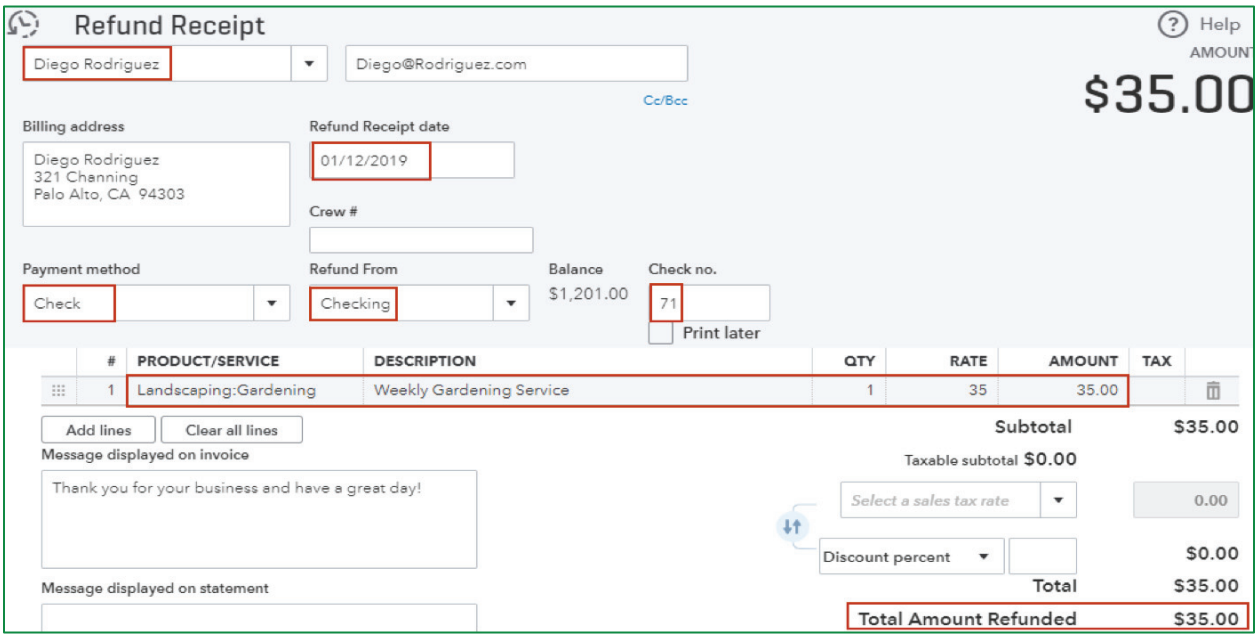
To select the account used for the refund, click the drop-down list arrow for Refund From, click **Checking**

- You will see 71 in Check no. This is the next available check in the company's checking account.

Use **Gardening** for the Product/Service

- The QTY automatically uses 1.

Tab to RATE, enter **35**, press **Tab**

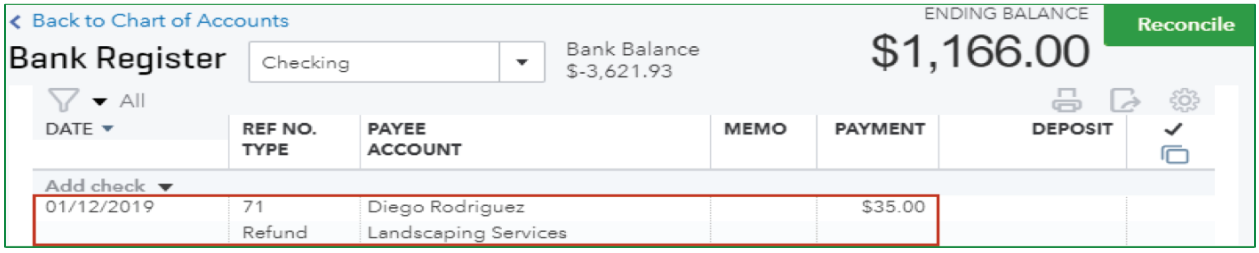


Click **Save and close** as previously instructed
Click **OK** on the Refund successfully issued message

- Because this is the Test Drive, do not print the Refund Receipt or Check 71.

Click **Accounting** on the Navigation bar, click Chart of Accounts

Click **View Register** for Checking



Sign out and close the Test Drive Company

3

CREDIT MEMO AND REFUND RECEIPT—DO

As you just learned, Credit Memos are prepared to show a reduction to a transaction recorded on an Invoice. The amount of the Credit Memo will be deducted from the amount owed by the customer. A Refund Receipt is prepared when you have already received payment for an Invoice or the transaction was a cash sale recorded on a Sales Receipt. You will prepare a Refund Receipt and issue a refund to the customer for the amount paid for the returned item.

MEMO

DATE: January 12, 2019

Ashley George's dog, Peaches, had to go to the vet and miss a day of Day Camp recorded on Invoice 1033. Prepare a Credit Memo for one day of Day Camp.

Sales Receipt 1043 for Gloria Gucci had been corrected to include an amount for Nails to be trimmed. When bathing the dog, the nails were really fine and did not need trimming. Prepare a Refund Receipt for the Nails. Payment Method: Check.

DO

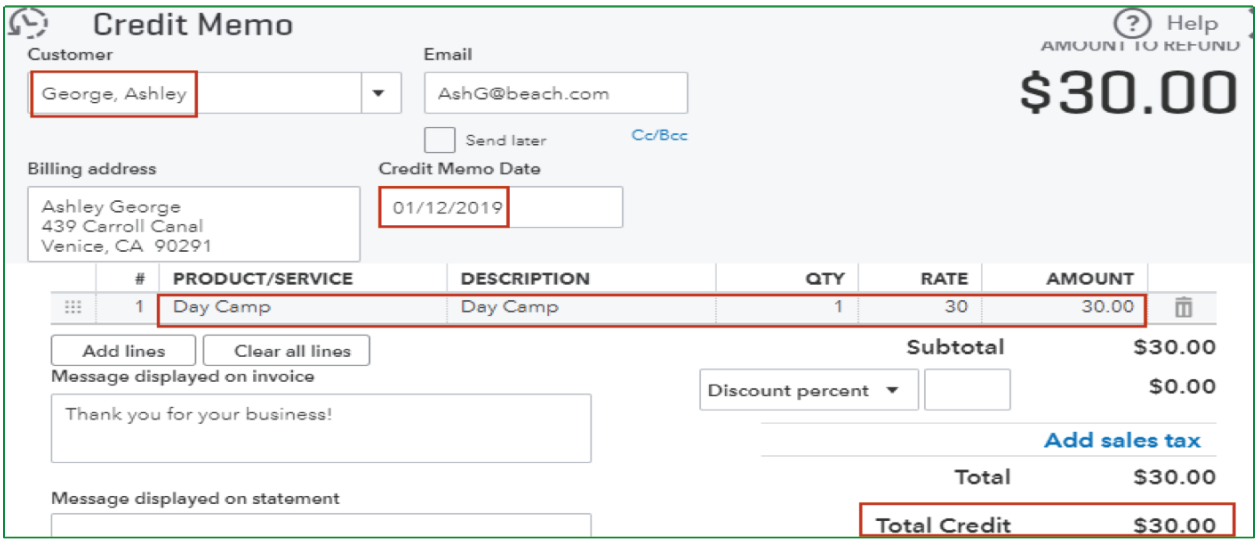
Open and use **Your Name's Beach Barkers** to prepare a Credit Memo and a Refund Receipt

Credit Memo

The transaction for Ashley George was recorded on an Invoice. To record the reduction to the amount owed, you will prepare a Credit Memo.

Use **Your Name's Beach Barkers**, refer to the Memo and the instructions in the drill to prepare a Credit Memo for Ashley George

Open a **Credit Memo**
Customer: **George, Ashley**
Credit Memo Date: **011219**
Product/Service: **Day Camp**
Quantity: **1**

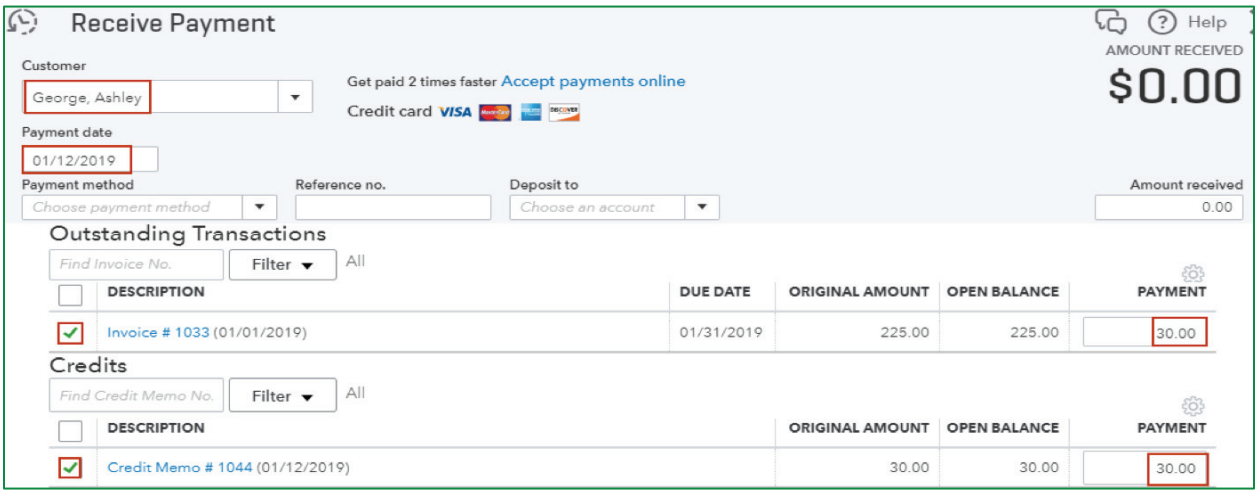


Review the Credit Memo
Save as a pdf or print as previously instructed
Name the file **25-Your Name CM 1044 A George Ch 3**

- Have you noticed that Invoices, Sales Receipts, and Credit Memos are numbered sequentially?

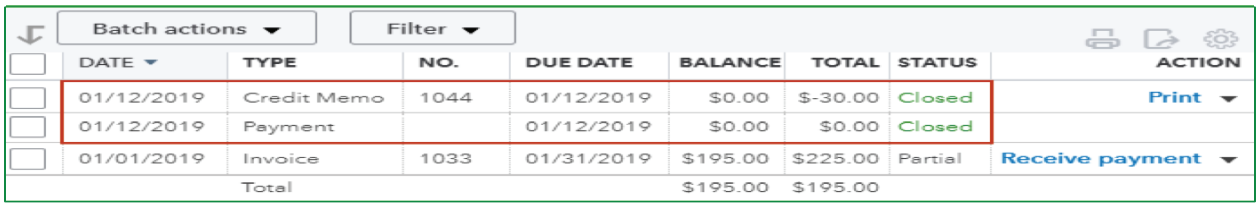
Click **Save and close** as previously instructed
Go to Ashley's account in the Customers List and display the Transaction List to see the Credit Memo
Click the transaction for **Payment** with an amount of 0.00 and the current date to open
Change the Payment date to **011219**

- You will see a screen for Receive Payment. QuickBooks Online created this payment so the amount of the credit could be linked and applied to the original Invoice 1033.



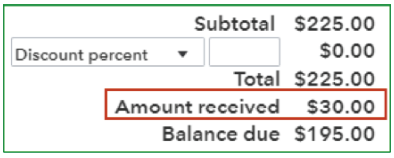
Click the **Save and close** button on the Receive Payment screen
Click **Yes** on the message stating that the transaction is linked to others

- Note the Credit Memo and Payment for 01/12/19.
- Changing the date for the Payment to match the date of the Credit Memo will help you identify that the Payment and Credit Memo are linked.



Click **Invoice 1033** in Ashley's Transaction List

- Look in the Totals area on the Invoice. Notice that it shows $30.00 for Amount received. This means that the $30.00 credit has been applied to the Invoice. Also note that the Balance Due is $30.00 less than the Total.



Click **Save and close** as previously instructed
Continue to use Your Name's Beach Barkers to record a Refund Receipt

Refund Receipt

The transaction for Nails for Gloria Gucci's dog was recorded on a Sales Receipt. Because the payment was made when the transaction was recorded, you will prepare a Refund Receipt to refund the amount.

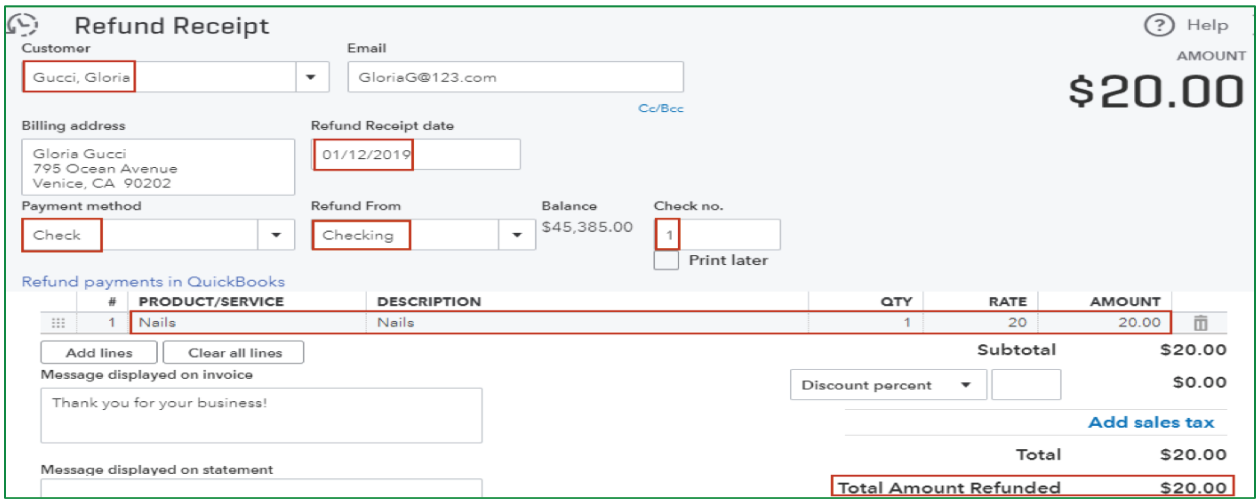
Continue to use **Your Name's Beach Barkers**, refer to the Memo and the instructions in the drill to prepare a Refund Receipt for Gloria Gucci

Open a **Refund Receipt**
Customer: **Gloria Gucci**
Refund Receipt Date: **011219**
Refund Method: **Check**
To select the Account used for the refund, click the drop-down list arrow for Refund From, click **Checking**

- You will see 1 in Check no. This is the next available check in the company's checking account. Because this is the first check written by Your Name's Beach Barkers, the number should be 1.
- If no check number is shown and Print later has a check mark, click it to remove.

Product/Service: **Nails**

- The QTY automatically uses **1**.



Click **Print or Preview** at the bottom of the Refund Receipt

Click **Print or Preview**
Click **OK** on the Refund successfully issued screen
Click **Print**

- Save the document as **26-Your Name Refund Rct 1045 G Gucci Ch 3**

Return to the Refund receipt, click **Print or Preview** again, click **Print Check**
Click **OK** on the Refund successfully issued screen
You may get a print checks setup screen, which is used to make sure your Print Setup is correct; if not, click **Print setup**

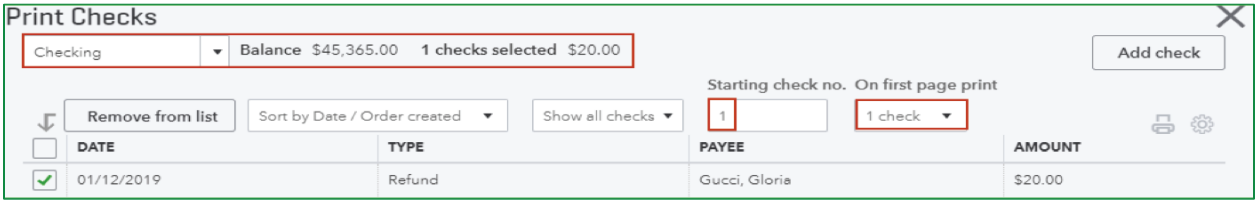
- This allows you to setup and align preprinted checks that are purchased from Intuit.

Since you are not using real checks, click **Standard** for the type of check, then click **Yes, I'm finished with setup**

- Notice that the account is Checking. You will see the Balance of the checking account, and the amount of the check(s) to be printed.

Enter **1** as the Starting check no.
Click the drop-down list arrow for On first page print, click **1 check**

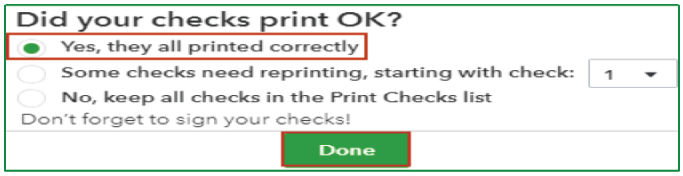
- You can print up to three checks on a page.



Click the **Preview and print** at the bottom of the screen and print as previously instructed

- Save the document as **27-Your Name Ck 1 G Gucci Ch 3**

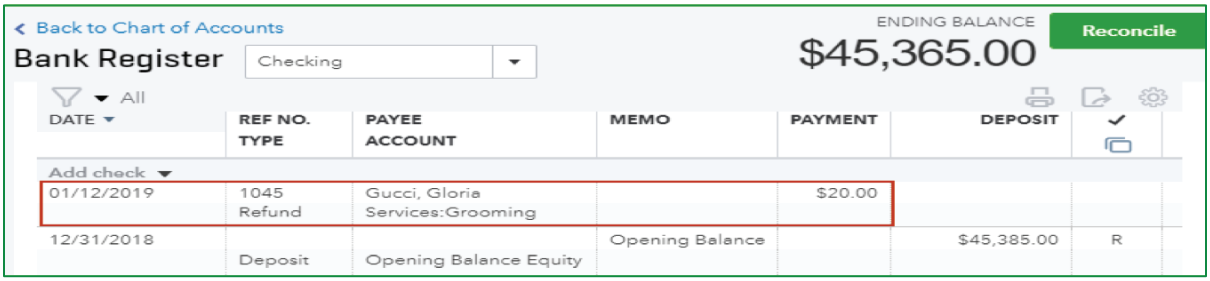
On the screen for Did your checks print OK?, **Yes, they all printed correctly** should be selected; if not, click to select; click **Done**


Did your checks print OK?
Yes, they all printed correctly
Some checks need reprinting, starting with check:
1
No, keep all checks in the Print Checks list
Don't forget to sign your checks!
Done

Click the **Close** button at the top-right side of the Print checks screen
Go to the Chart of Accounts as previously instructed
Click **View Register** for Checking

- You will see the check for Gloria Gucci and the Opening Balance of the account.
- REF NO. should have the Refund Receipt number 1045 for the Reference Number and Type should have Refund.

If you do not show the check number, click **Ref No.**, enter **1045**, click **Save**



Sign out and close Your Name's Beach Barkers

3

RECEIVE PAYMENTS—DRILL

Since a sale on account is originally recorded on an Invoice, Receive Payments is used when a customer pays you what is owed for the Invoice. Frequently, new users of QuickBooks Online will try to record a payment for an Invoice using a Sales Receipt, which is used only for cash sales not for payments on account.

When you record a Receive Payment from a customer who owes you money for an Invoice, you see a complete list of outstanding Invoices. QuickBooks Online automatically selects the Invoice that has the same amount as the payment. If there isn't an Invoice with the same amount, QuickBooks Online marks the oldest Invoice and enters the payment amount. When customers make a full or partial payment of the amount owed, QuickBooks Online places the money received in the Undeposited Funds account. The money stays in this account until a bank deposit is made.

MEMO
DATE: January 15, 2019

Kookies by Kathy paid Invoice 1016 in full. Check 7645 for $75.
Bill's Windsurf Shop paid a partial payment of $50 for Invoice 1027, Check 1379.

DRILL

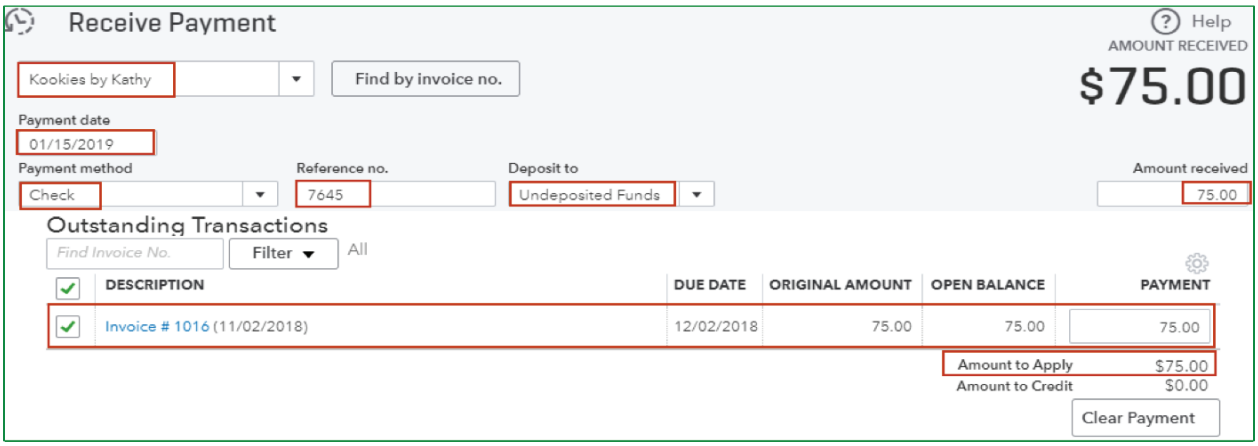
Open the **Test Drive Company**, refer to the Memo, and complete the following steps to prepare Payment Receipts

Click the **Plus** icon on the Top-Navigation bar
Click **Receive Payment** in the Customers column and complete the following information:
Customer: **Kookies by Kathy**
Payment date: **01/15/19**
Payment method: **Check**
Reference no.: **7645**
Deposit to: **Undeposited Funds**

- Payments received by customers are put in the Undeposited Funds account until the Bank Deposit is made. By doing this, you do not accidentally write checks or make payments using money that has not been deposited into the bank account. When the bank deposit is made, the amount will be removed from Undeposited Funds and entered in Checking.

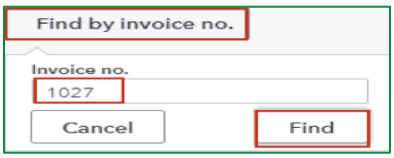
Tab to Amount received, enter **75**, press **Tab**

- QuickBooks matched the amount of the payment to the amount of the Invoice and marked the Invoice with a check mark.



Click **Save and new** as previously instructed

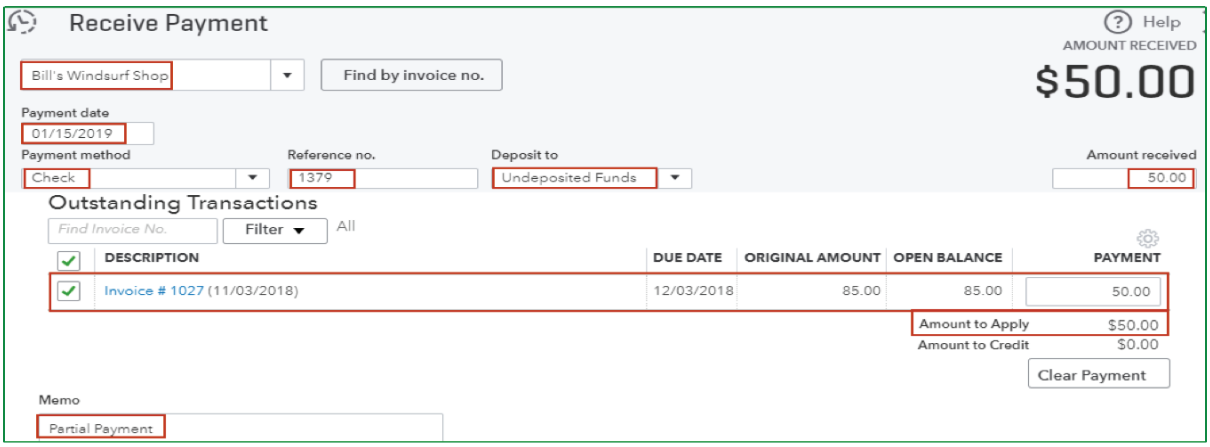
Rather than enter a Customer name, click **Find by Invoice no.** and enter **1027**, click **Find**



Use the information in the memo, to enter the partial payment of $50 from Bill's Windsurf Shop

- QuickBooks Online applied the $50.00 payment to Invoice 1027.

Click in the Memo text box and enter **Partial Payment**



Click **Save and close** as previously instructed

TRANSACTION DETAIL BY ACCOUNT—DRILL

The Transaction Detail by Account report shows all the entries made into each account in the Chart of Accounts, also known as the General Ledger, during the dates specified for the report.

DRILL

Continue to use the **Test Drive Company** and prepare a Transactions Detail by Account report for January 1-15, 2019

Go to Reports, scroll to the **For my accountant** category, click **Transaction Detail by Account**

Enter the Dates From: **01/01/19** To: **01/15/19**, click **Run report**

- Look at the information shown for Accounts Receivable and Undeposited Funds shown below. Note that the payment amounts for Bill's Windsurf Shop and Kookies by Kathy were deducted from Accounts Receivable and entered into Undeposited Funds.
- If you see more than the two transactions, do not be concerned. Remember, the Test Drive Company automatically changes transaction dates.

Craig's Design and Landscaping Services
TRANSACTION DETAIL BY ACCOUNT
January 1-15, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	SPLIT	AMOUNT	BALANCE
▾ Accounts Receivable (A/R)							
01/15/2019	Payment	1379	Bill's Windsurf Shop		Undeposited Funds	-50.00	-50.00
01/15/2019	Payment	7645	Kookies by Kathy		Undeposited Funds	-75.00	-125.00
Total for Accounts Receivable (A/R)						$ -125.00	
▾ Undeposited Funds							
01/15/2019	Payment	1379	Bill's Windsurf Shop	Partial Payment	Accounts Receivable (A/R)	50.00	50.00
01/15/2019	Payment	7645	Kookies by Kathy		Accounts Receivable (A/R)	75.00	125.00
Total for Undeposited Funds						$125.00	

Sign out and close the Test Drive Company

RECEIVE PAYMENTS—DO

As you practiced in the drill, Receive Payments is used when a customer pays you what is owed for an Invoice. Remember, QuickBooks Online selects the Invoice that has the same amount as the payment. If there isn't an Invoice with the same amount, QuickBooks marks the oldest Invoice and enters the payment amount. Money received from customer payments is recorded in the Undeposited Funds account until a bank deposit is made.

MEMO
DATE: January 15, 2019

Note: Use **Undeposited Funds** for the *Deposit to* account.

Received payment in full from Larry Bailey for Invoice 1035, Check 6489 for $55.
Bunni Clark paid her account in full, Check 4465 for $4,125.
Received a partial payment from Oscar Gilbert for Invoice 1036, Check 1972 for $300.
Ashley George paid Invoice 1033 in full. Check 7531 for $195.
Received Check 6431 from Annabelle Morgan for $100 as partial payment for Invoice 1037.

DO

Open **Your Name's Beach Barkers**, refer to the Memo, and complete the following Payment Receipts

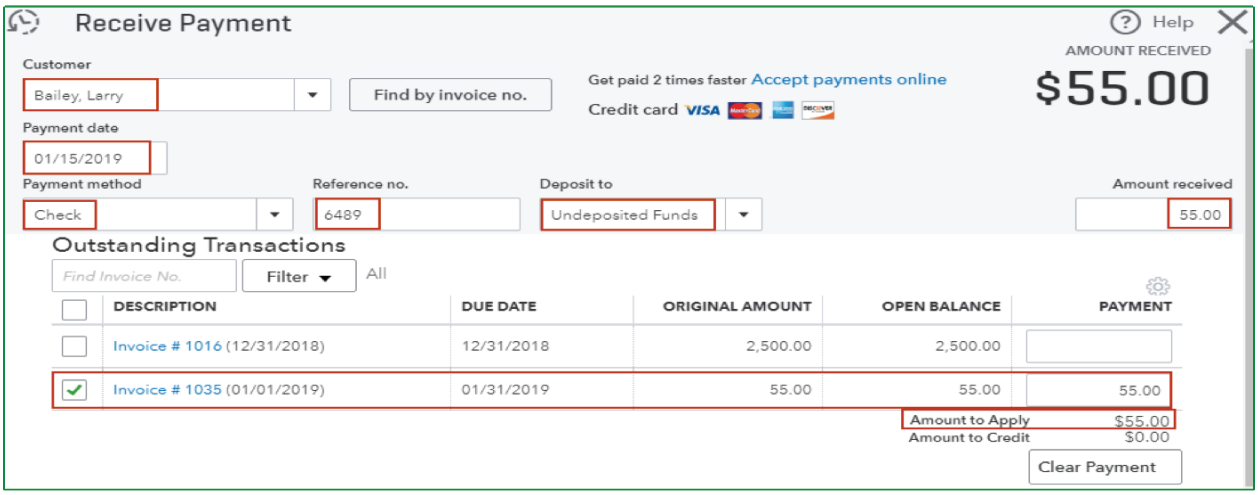
Click the **Plus** icon on the Top-Navigation bar
Click **Receive Payment** in the Customers column and complete the following information:
Customer: **Larry Bailey**
Payment date: **01/15/19**

Payment method: **Check**
Reference no.: **6489**
Deposit to: **Undeposited Funds**

- Remember, payments received by customers are put in the Undeposited Funds account until the Bank Deposit is made. When the bank deposit is made, the amount will be removed from Undeposited Funds and entered into Checking.
- Sometimes, QuickBooks Online wants to use Checking rather than Undeposited Funds. If that happens, click the drop-down list arrow for Deposit to and select Undeposited Funds.

Amount received: **55**, press **Tab**

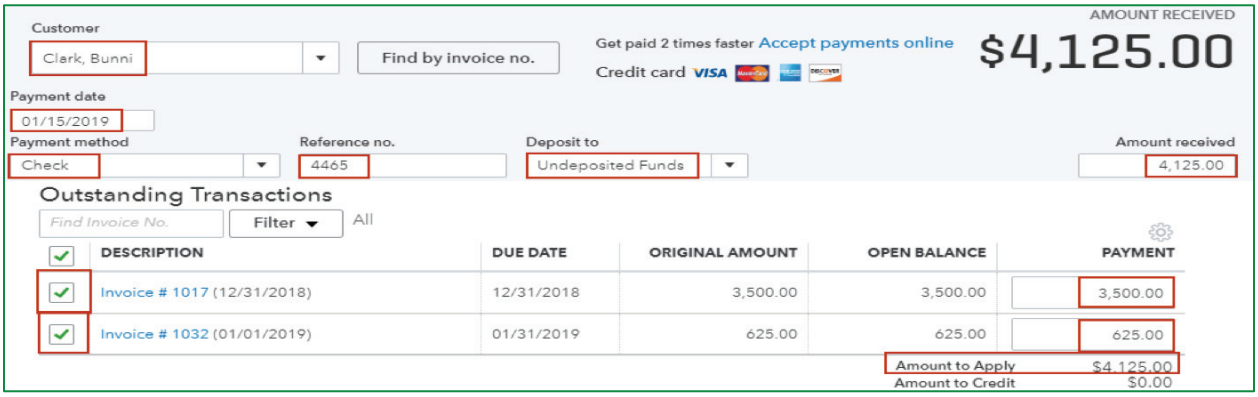
- After pressing the Tab key, QuickBooks Online matched the amount of the payment to the amount of the Invoice and marked Invoice 1035 with a check mark. Remember, when the amount received is an exact match to the amount due on an invoice, QuickBooks Online automatically applies the payment to the invoice.



Click **Print** at the bottom of the Receive Payments screen

- Sometimes when you print the Receive Payment, you will be shown the payment method, other times the payment method will not be printed. Do not be concerned.
- If you save the document, name it **28-Your Name Rcv Pmt L Bailey Ch 3**
- If you get a message from QuickBooks Online for Get paid online, click **No thanks**.

Click **Save and new** as previously instructed
Use the information in the memo to record the payment from Bunni Clark



- Because her account balance was paid in full, QuickBooks Online marked both Invoices.

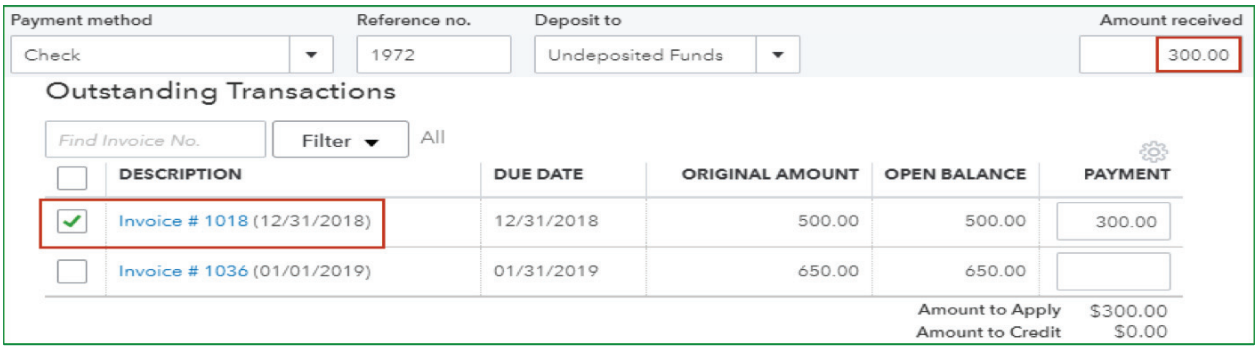
Print the Receive Payment

- If you save the document, name it **29-Your Name Rcv Pmt B Clark Ch 3**

Click **Save and new** as previously instructed

Enter the Payment Receipt from Oscar Gilbert for $300

- The Payment Receipt for Oscar Gilbert does not match the total of either Invoice, so QuickBooks Online marks the oldest Invoice—his opening balance.



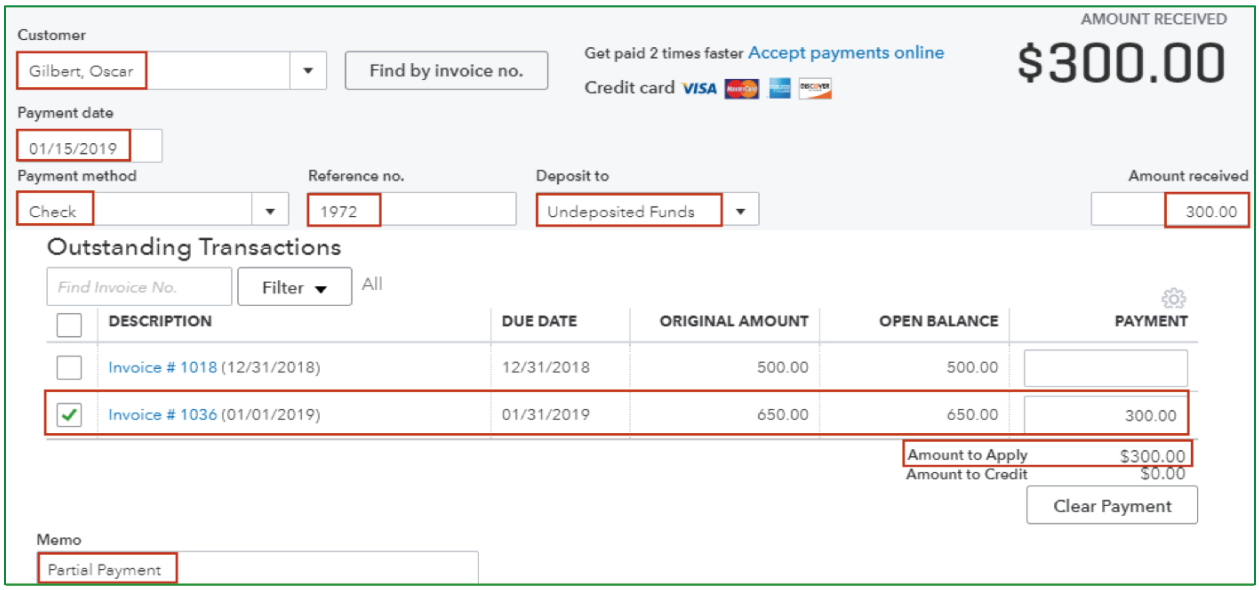
Click the check box for Invoice 1018 to remove the check

Click the check box for Invoice 1036 to mark it

- QuickBooks Online should put the payment of 300.00 in the Payment field.

Enter the memo **Partial Payment**

View the finished form

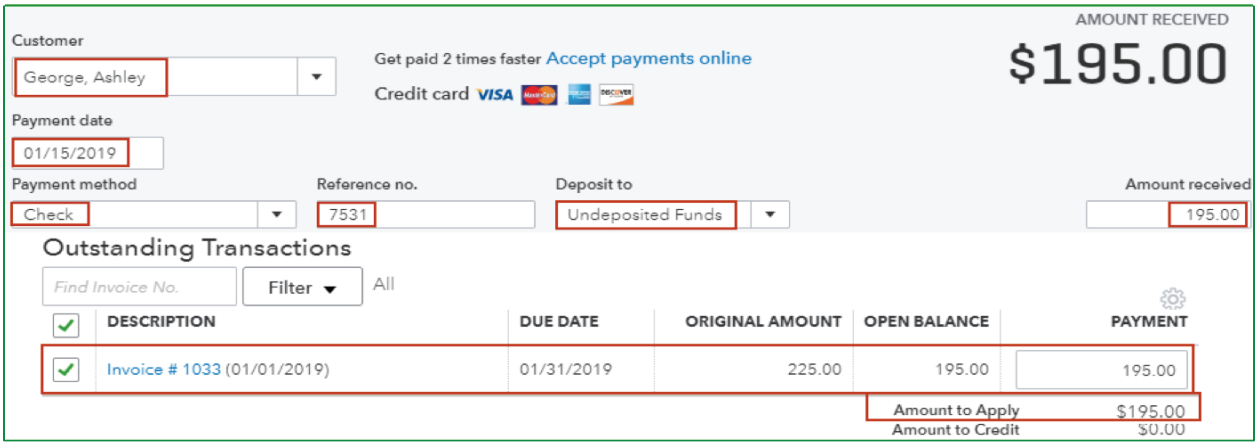


Print the Receive Payment

- If you save the document, name it **30-Your Name Rcv Pmt O Gilbert Ch 3**

Click **Save and new**

Enter the Receive Payment for Ashley George using the information in the Memo



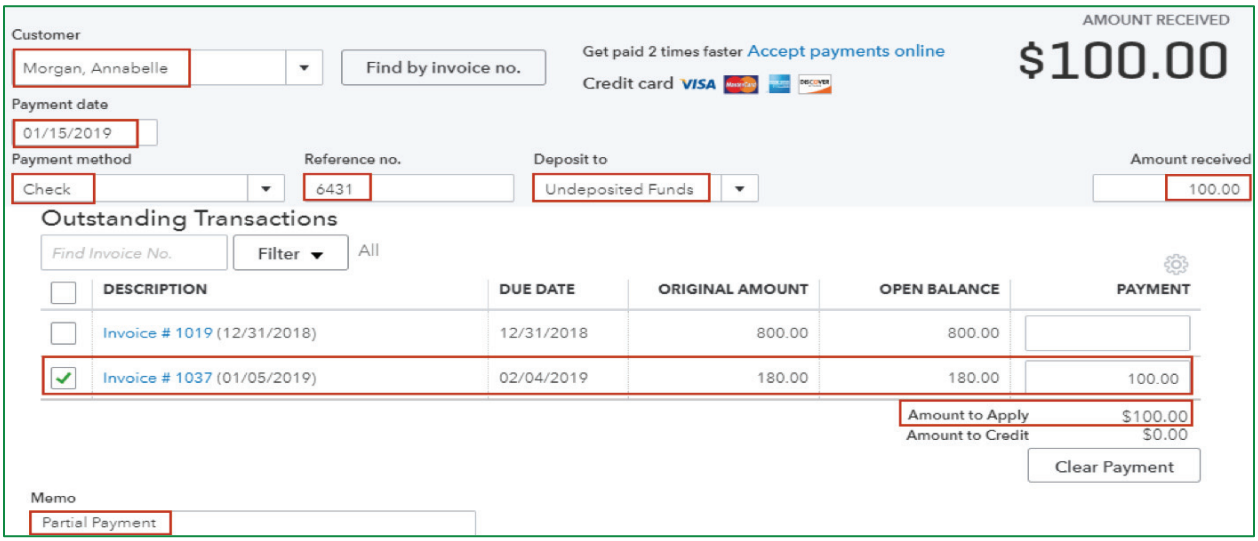
- Notice that QuickBooks Online shows the Original Amount of 225.00 and an Open Balance of 195.00. The difference between the two amounts is the amount of the $30.00 credit recorded earlier.

Print the Receive Payment

- If you save the document, name it **31-Your Name Rcv Pmt A George Ch 3**

Record the Receive Payment for Annabelle Morgan using the information in the Memo

- If an Invoice is not paid in full, include a memo of Partial Payment.



- Did you apply the partial payment to Invoice 1037?
- Did you enter a Memo of Partial Payment?

Print the Receive Payment

- If you save the document, name it **32-Your Name Rcv Pmt A Morgan Ch 3**

Click **Save and close** as previously instructed

Continue to use Your Name's Beach Barkers in the next section

TRANSACTION DETAIL BY ACCOUNT—DO

As in the drill, this report shows all the entries made into each account in the Chart of Accounts during the dates specified for the report.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Transaction Detail by Account report for January 1-15, 2019

Follow the steps presented earlier and prepare the Transaction Detail by Account report

- Look at the information shown for Accounts Receivable and Undeposited Funds. Note that the payment amounts were deducted from Accounts Receivable and entered into Undeposited Funds. In addition, the amounts received for Sales Receipts are shown in the Undeposited Funds account.

Your Name's Beach Barkers

TRANSACTION DETAIL BY ACCOUNT
January 1-15, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	SPLIT	AMOUNT	BALANCE
Checking							
01/12/2019	Refund	1045	Gucci, Gloria		Services:Grooming	-20.00	-20.00
Total for Checking						$ -20.00	
Accounts Receivable (A/R)							
01/01/2019	Invoice	1031	Perez, Eric	Voided	Services:Boarding	0.00	0.00
01/01/2019	Invoice	1032	Clark, Bunni		-Split-	625.00	625.00
01/01/2019	Invoice	1033	George, Ashley		-Split-	225.00	850.00
01/01/2019	Invoice	1036	Gilbert, Oscar		Services:Training	650.00	1,500.00
01/01/2019	Invoice	1034	Summer, Matthew		-Split-	90.00	1,590.00
01/01/2019	Invoice	1035	Bailey, Larry		-Split-	55.00	1,645.00
01/01/2019	Invoice	1030	Vines, Pamela		Services:Training	650.00	2,295.00
01/05/2019	Invoice	1037	Morgan, Annabelle		-Split-	180.00	2,475.00
01/05/2019	Invoice	1038	Russell, Carol		-Split-	190.00	2,665.00
01/12/2019	Payment		George, Ashley		-Split-	0.00	2,665.00
01/12/2019	Credit Memo	1044	George, Ashley		Services:Day Camp	-30.00	2,635.00
01/15/2019	Payment	4465	Clark, Bunni		Undeposited Funds	-4,125.00	-1,490.00
01/15/2019	Payment	6489	Bailey, Larry		Undeposited Funds	-55.00	-1,545.00
01/15/2019	Payment	1972	Gilbert, Oscar		Undeposited Funds	-300.00	-1,845.00
01/15/2019	Payment	7531	George, Ashley		Undeposited Funds	-195.00	-2,040.00
01/15/2019	Payment	6431	Morgan, Annabelle		Undeposited Funds	-100.00	-2,140.00
Total for Accounts Receivable (A/R)						$ -2,140.00	
Undeposited Funds							
01/10/2019	Sales Receipt	1041	Anderson, Dori		-Split-	90.00	90.00
01/10/2019	Sales Receipt	1040	Cash Customer		Services:Grooming	15.00	105.00
01/10/2019	Sales Receipt	1043	Gucci, Gloria		-Split-	55.00	160.00
01/10/2019	Sales Receipt	1042	Cash Customer		-Split-	55.00	215.00
01/10/2019	Sales Receipt	1039	Davis, Joshua		Services:Training	650.00	865.00
01/15/2019	Payment	6431	Morgan, Annabelle	Partial Payment	Accounts Receivable (A/R)	100.00	965.00
01/15/2019	Payment	7531	George, Ashley		Accounts Receivable (A/R)	195.00	1,160.00
01/15/2019	Payment	1972	Gilbert, Oscar	Partial Payment	Accounts Receivable (A/R)	300.00	1,460.00
01/15/2019	Payment	6489	Bailey, Larry		Accounts Receivable (A/R)	55.00	1,515.00
01/15/2019	Payment	4465	Clark, Bunni		Accounts Receivable (A/R)	4,125.00	5,640.00
Total for Undeposited Funds						$5,640.00	

Partial Report

Print, export, and/or email your report
To print in Landscape (11 wide by 8 ½ long), click **Layout** on the print menu, and then click **Landscape**

- Name the report **33-Your Name Trans Detail by Acct Ch 3**

Sign out and close Your Name's Beach Barkers

BANK DEPOSIT—DRILL

When you record cash sales and the receipt of payments on account, QuickBooks Online places the money received in the Undeposited Funds account. Once the deposit has been made at the bank, it should be recorded. When the deposit is recorded, the funds are transferred from Undeposited Funds to the account selected when preparing the deposit (usually Checking). This is important because, until the money is deposited, it does not show as being available for use.

DRILL

Open and use the **Test Drive Company** and record a Bank Deposit

With the Test Drive Company open, click the **Plus** icon
In the Other column, click **Bank Deposit**

- The account should be Checking. If not, select it from the drop-down list.

Enter the Date: **011519**, press **Tab**

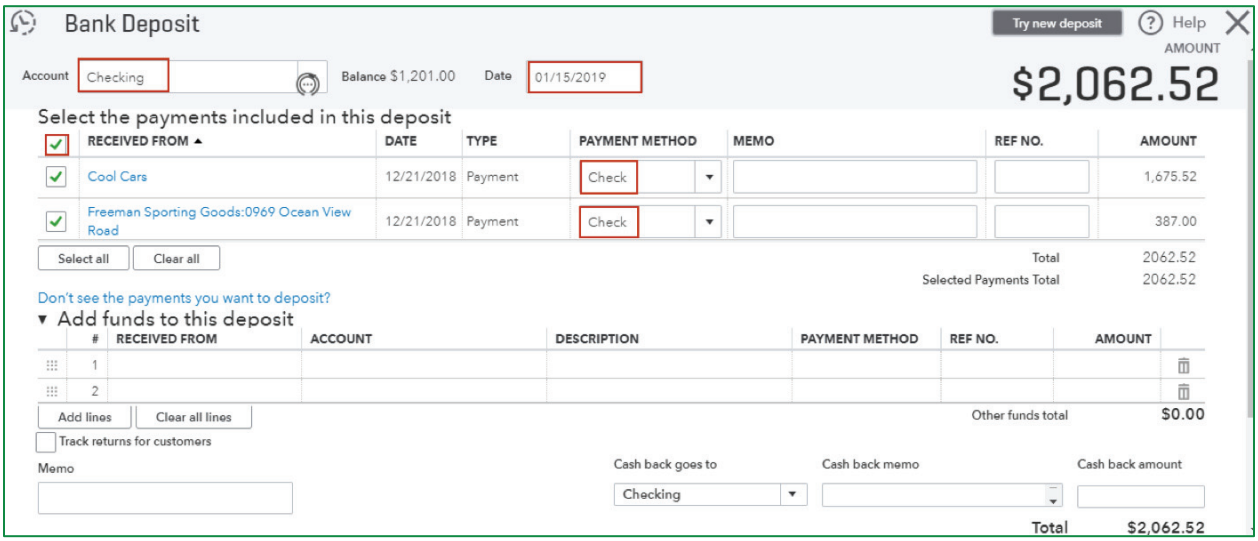
- At the time of this writing, QuickBooks Online was experimenting with a new deposit (see the note next to Help on the Bank Deposit form). If this new method is implemented, the deposit screen will have a different appearance than shown below, but the procedures will be similar.

For Select Existing Payments, click the check box next to RECEIVED FROM

- This will insert check marks and select all of the transactions shown.

Click the drop-down list for PAYMENT METHOD for each payment, and click **Check**

- Normally, QuickBooks Online completes the PAYMENT METHOD automatically.
- Note that there are sections to Add New Deposits and to get Cash back.



Click **Save and close** as previously instructed
Do not close the Test Drive Company

CORRECT INVOICE ERROR AFTER BANK DEPOSIT—DRILL

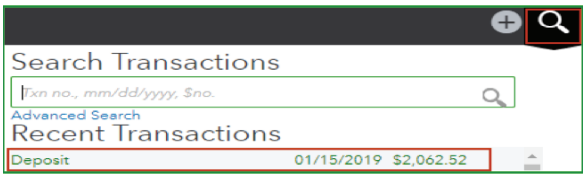
Once a bank deposit has been completed, a single transaction within the deposit or the entire bank deposit can be deleted. Even though you can delete a deposit or a single line in a deposit, it

is very important that you review your transaction amounts and dates prior to completing the bank deposit.

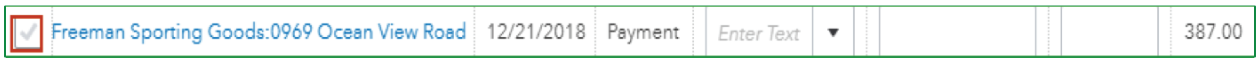
DRILL

Continue to use the **Test Drive Company** and make corrections to an invoice and payment that have been deposited

Click the **Search** icon, click the **01/15/19 Deposit** in the Recent Transactions list



In the Bank Deposit, click the check box for **Freeman Sporting Goods: 09690 Ocean View Road** to deselect



- At the time of this writing, QBO was experimenting with a new deposit procedure. If this is implemented, you would click the **Close** button to deselect.

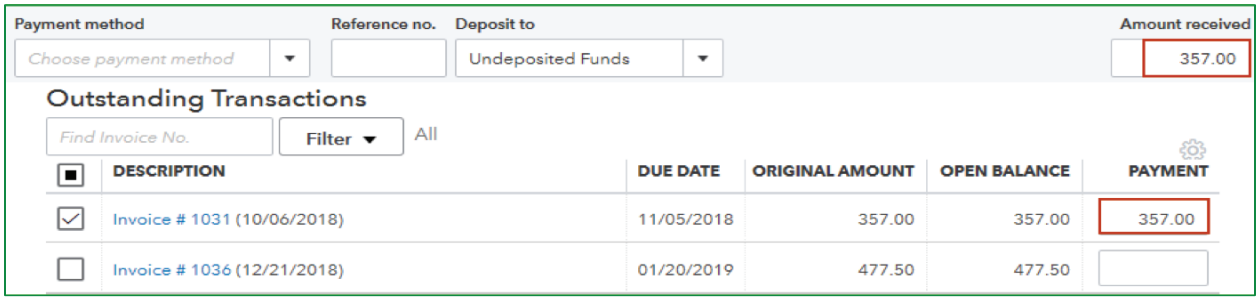
Click **Save and close** on the Bank Deposit
Click **Sales** or **Invoices** on the Navigation bar, click **Customers**, and click **0969 Ocean View Road** (a subaccount of Freeman Sporting Goods)
Click **Invoice #1031** to open the invoice
Change the Weekly Gardening Service to QTY **2**, press **Tab**
Click **Save** at the bottom of the Invoice
Click **Yes** on any messages regarding the transaction
Click the blue **1 payment made ($357.00)**

Click the blue payment date

- This will take you to the Receive Payment that was prepared for the Invoice.

Change the Amount received to **357.00**, press **Tab**

- The amount shown for PAYMENT should change to 357.00.



Click **Save and close**, click **Yes** on any messages regarding a Linked transaction
Click the **Plus** icon, click **Bank Deposit**
Deposit the payment from Freeman Sporting Goods as you just practiced in the previous DRILL

- Rather than have one bank deposit for Cool Cars and Freeman Sporting Goods, you will have two bank deposits.
- If the change was for 8 Weekly Gardening Service rather than the original 3, you would have corrected the invoice; and, then, increased the Receive Payment amount by $150.00.
- Sales Receipts are corrected the same way, except that you delete the deposit amount, correct the Sales Receipt, and make a deposit for the new amount.

Sign out and close the Test Drive Company

- Note that in the future you will not be reminded to sign out of the company when you close it.

BANK DEPOSIT—DO

As you practiced in the drill, when a bank deposit is recorded, the funds are transferred from Undeposited Funds to the account selected when preparing the deposit (usually Checking). This is important because, until the money is deposited, it does not show as being available for use. The bank deposit should be recorded at the time the actual deposit is made at the bank. Prior to recording a bank deposit, review your paid Invoices, Receive Payments, and Sales Receipts. Once a bank deposit has been made, you cannot delete it. Instead, you will have to delete individual deposit amounts in order to make corrections. If you need to make a correction, refer to the preceding DRILL.

DO

Open and use **Your Name's Beach Barkers** and record a Bank Deposit

With the Your Name's Beach Barkers open, click the **Plus** icon
In the Other column, click **Bank Deposit**

- At the time of this writing, QuickBooks Online was thinking about redesigning the Navigation bar. The tab for Sales might be changed to Invoices. Within the Invoices section, you would also have a tab for Deposits.
- In addition, QuickBooks Online was experimenting with a new deposit form. If this new method is implemented, the deposit screen will have a different appearance than shown on the next page, but the procedures will be similar.
- The account should be Checking if not, select it from the drop-down list.

Enter the Date: **011519**, press **Tab**
To Select payments included in this deposit, click the check box next to RECEIVED FROM

- This will insert check marks and select all the transactions shown. Note that the Payment Method was inserted by QuickBooks Online and shows either Check or Cash for all transactions.

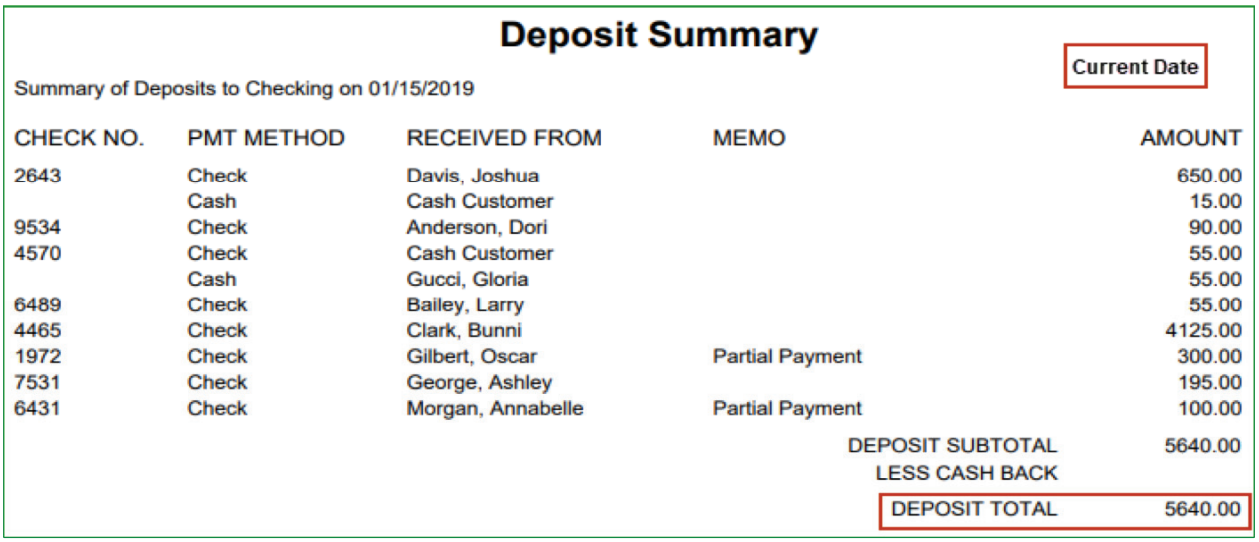
Click **Print** at the bottom of the Deposit screen
Click **Print deposit summary only**

- The Deposit Summary may be saved as a pdf file and/or printed. It cannot be exported to Excel.
- Note the dates displayed on the preview. On the left side of the report, you will see Summary of Deposits to Checking on 01/15/2019. On the right side of the report, you

will see the current date. This is an instance where QuickBooks Online inserts the current date and you cannot remove it.

Click **Save and close** as previously instructed

- If you save the Deposit Summary, name it **34-Your Name Bank Dep 01-15-19 Ch 3**



Deposit Summary

Current Date

Summary of Deposits to Checking on 01/15/2019

CHECK NO.	PMT METHOD	RECEIVED FROM	MEMO	AMOUNT
2643	Check	Davis, Joshua		650.00
	Cash	Cash Customer		15.00
9534	Check	Anderson, Dori		90.00
4570	Check	Cash Customer		55.00
	Cash	Gucci, Gloria		55.00
6489	Check	Bailey, Larry		55.00
4465	Check	Clark, Bunni		4125.00
1972	Check	Gilbert, Oscar	Partial Payment	300.00
7531	Check	George, Ashley		195.00
6431	Check	Morgan, Annabelle	Partial Payment	100.00
			DEPOSIT SUBTOTAL	5640.00
			LESS CASH BACK	
			DEPOSIT TOTAL	5640.00

Continue to use Your Name's Beach Barkers in the next section

ADDITIONAL TRANSACTIONS—DO

Close to the end of each chapter, there will be a section of additional transactions that will be similar to the ones you completed during the chapter. These transactions will be listed in a Memo. You will enter them without any specific instructions being provided. If you have questions about how to enter transactions, you may refer back to material presented earlier in the chapter.

DO

Continue to use **Your Name's Beach Barkers** and enter the following transactions in the Memo boxes

Print, save, and submit as required by your instructor.

- Use the same naming structure as previously instructed: Document number, your name, business form and number, customer first initial and last name, and chapter number. For example: 35-Your Name Invoice 11111 J Doe Ch 3
- If the transaction is a correction, add Corrected at the end of the document name.
- Any cash or checks received should be placed into Undeposited Funds until the bank deposit is made.

MEMO

DATE: January 15, 2019

Note: Use **Undeposited Funds** for the *Deposit to* account.

A new customer, Ray Childers, (Email: RC@Venice.com, Phone: 310-555-8864, Address: 35 Market Street, Venice, CA 90291, Payment method: Check, Terms: Net 30) purchased and paid for 1 Ten One-Hour Sessions of Training, 3 days of Boarding, 1 Bath, and 1 Nails for his dog, Rico, Check 3247.

Matthew Summer paid his account in full using Check 2756 for $240.

Rename the products/service item Grooming to Dental Care; Description: Dental Care, Sales price/Rate: $50, Income account: Services:Grooming.

Todd Hernandez brought his dog, Clementine, in for 5 days of Boarding, 1 Bath, 1 Nails, 4 Dog Brushing, and 1 Dental Care. Record a sale on account.

Received a partial payment from Viv Norbert for Invoice 1020, Check 7383 for $1,500.

Create a new Account: Type: Income, Detail type: Service/Fee Income, Name: Transportation, Subaccount of: Services.

Create a new Service Item: Name: Transportation, Sales Description: Transportation, Sales Price/Rate: $25.00, Income Account: Services:Transportation.

Received payments on account from Drake Williams, Check 1679; Colleen Stark, Check 2811; and Katie Wilson, Check 3145. All were paid in full.

Record a sale on account for Joshua Davis for his dog, Boomer: 1 Dog Walking, 1 Dog Brushing, 1 Poop Scoop, and 3 Transportation to the vet.

Continue recording, saving, and printing transactions for January 17, 2019.

MEMO

DATE: January 17, 2019

Viv Norbert brought in her dog, Barney, to have 1 Dental Care, 1 Bath, 1 Nails, and paid Cash.

Gloria Gucci signed up Mishka for 5 days of Boarding and 5 Dog Brushing. Since she was having car problems, she had you pick up and return Mishka each day. Bill for 10 hours of Transportation.

Joshua Davis did not need 1 hour of transportation used on January 15, 2019. Prepare the appropriate business form. (Did you change the date on the Payment prepared by QBO?)

Cash Customer brought in her dog for 1 day Boarding, 1 Dental Care, 1 Bath, and 1 Nails, Check 2050.

Make the Bank Deposit.

On Invoice 1050, Gloria Gucci was charged for 5 days of Boarding, change to 5 days of Day Camp. Reprint the invoice.

Continue to use Your Name's Beach Barkers

VIEW SALES—DO

In addition to a variety of reports for sales, QuickBooks Online allows you to view all of your sales transactions. You may view all of the transactions or you may specify a specific date range.

Information is shown for the Transaction Date, Type, No., Customer, Due Date, Balance, Total, Status, and Actions available to be performed.

DO

Continue to use **Your Name's Beach Barkers** to view all sales transactions

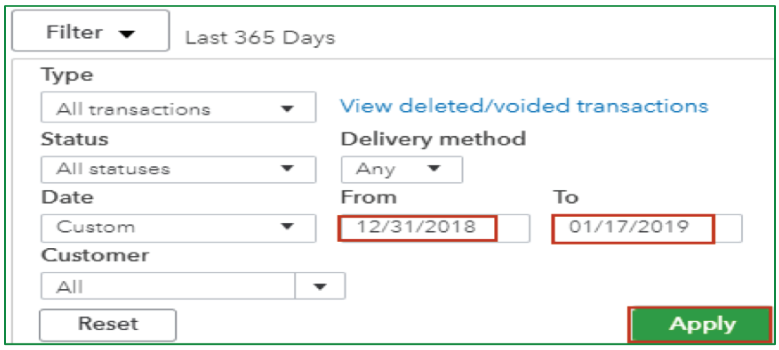
Click **Sales** or **Invoices** on the Navigation bar, click **All Sales**

- All sales transactions are shown for the Last 365 days from the most recent date to the oldest date. This is the reason that you always want to use the current year for your work. If you were to look for a January 2019 transaction in February 2020, you would not find it.

To specify the date range, click the **Filter** button
Enter the From date **12/31/18** and To date **01/17/19**

- If you wanted to see all your transactions, select All Dates in the Date text box.

Click **Apply**



Click the Printer icon to print, the Export icon to export to Excel, or the Settings (Gear) icon to customize the fields displayed

Print in Landscape orientation, export to Excel, and/or submit as previously instructed

- If you save the report, name it **49-Your Name Sales Trans List Ch 3**

Continue to use Your Name's Beach Barkers to complete reports

JOURNAL—DO

Even though QuickBooks Online displays registers and reports in a manner that focuses on the transaction—for example, entering a sale on account via an Invoice—it still keeps a Journal. The Journal records each transaction and lists the accounts and the amounts for debit and credit entries. In many instances, going through the Journal entries will help you find errors in your transactions. Always check the transaction dates, the account names, and the items listed in the Memo column. If a transaction does not appear in the Journal, it may be due to using an incorrect date or forgetting to enter it. Remember, only the transactions entered within the report dates will be displayed.

In your concepts course, you may have learned that the General Journal was where all entries were recorded in debit/credit format. In QuickBooks Online, you do record some non-recurring debit/credit transactions as General Journal Entries. To display all debit/credit entries no matter where the transactions were recorded a Journal report is prepared.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Journal report

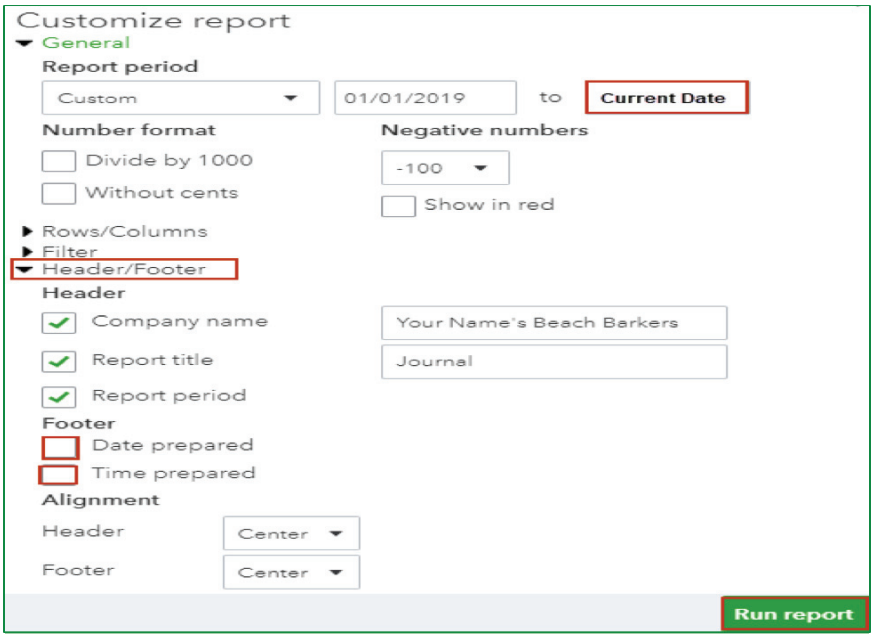
Open **Reports** as previously instructed
Use the category **For my accountant**. click **Journal**
The dates are from **01/01/19** to **Current Date**

- Previously prepared reports, have the Date and Time Prepared shown as a footer. Your instructor may wish to have this information to determine when you completed your work. If your instructor does not want this in your report, you may customize the footer and remove it.

Click the **Customize** button at the top of the report

- This is used to make changes to the Journal's display, information provided, among other things.

Click **Header/Footer** on the Customize Journal screen
In the Show in footer: section, click **Date Prepared** and **Time Prepared** to remove them from the report



Click the **Run Report** button

- Make sure the dates are still From: 01/01/19 and To: Current Date.
- Just in case the date was not changed for the Payment transactions generated by QuickBooks Online for Credit Memos, the current date is used.
- Also, if there are any transactions missing due to date errors, they should show when the current date is the end date of the report.

Scroll through the report to view the transactions

- Many of the columns do not display in full. Columns may need to be resized in order to view the report prior to printing. Columns do not need to be resized in order to print.

Resize the width of the DATE column so the date is displayed in full
Position the cursor on the vertical line between DATE and TRANSACTION TYPE

- The cursor turns into a plus with arrows pointing left and right.

Hold down the primary (left) mouse button
Drag the cursor from the sizing arrow between DATE and TRANSACTION TYPE to the right until you have enlarged the amount of space in DATE

- You will see a solid vertical line while you are dragging the mouse and holding down the primary mouse button.
- You may make columns smaller by pointing to the sizing arrow and dragging to the left.
- If you see **...** after a word or a number that means it is not displayed in full.
- If you see ###### for an amount of money, that means that the column must be wider because the number cannot be displayed in full. To avoid confusion, QBO will not display partial amount of money.

Scroll through the Journal and view all the transactions shown in Debit/Credit format
Verify your total of $40,205.00 for both the Debit and Credit columns

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
TOTAL						$40,205.00	$40,205.00

If the totals do not match, make corrections. Double-check dates, amounts, accounts, and items used in the transactions
When the totals are correct, print, export, and/or submit as previously instructed

- Note: You do not have to resize columns in order for them to be printed or exported.
- If you print, use Landscape for the Layout.
- Name the report **50-Your Name Journal Ch 3**

Do not close Your Name's Beach Barkers

TRIAL BALANCE—DO

When all sales transactions have been entered, it is important to prepare and print the Trial Balance and verify that the total debits equal the total credits.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Trial Balance

Return to Reports
Click **Trial Balance** in the For my accountant report category
Dates From: **010119** To: **011719**, click **Run Report**

- Check to see if your instructor wants you to remove the report footer. If so, click the **Customize Report** button and change **Header/Footer** so **Date Prepared**, **Time Prepared**, and **Report Basis** do not print, click **Run Report**.

Print, export, and/or submit as previously instructed

- If you print, use Portrait for the Layout.
- Name the report **51-Your Name Trial Bal Ch 3**

Your Name's Beach Barkers
TRIAL BALANCE
As of January 17, 2019

	DEBIT	CREDIT
Checking	63,580.00	
Accounts Receivable (A/R)	14,930.00	
Inventory Asset	29,012.50	
Prepaid Insurance	1,200.00	
Supplies:Cleaning Supplies	750.00	
Supplies:Kennel Supplies	1,895.00	
Supplies:Office Supplies	350.00	
Supplies:Sales Supplies	500.00	
Undeposited Funds	0.00	
Equipment:Depreciation		800.00
Equipment:Original cost	8,000.00	
Furniture & Fixtures:Depreciation		1,500.00
Furniture & Fixtures:Original cost	15,000.00	
Kennel Equipment:Depreciation		2,030.00
Kennel Equipment:Original cost	20,300.00	
Vehicles:Depreciation		3,200.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		5,300.00
Loans Payable:Equipment Loan		2,000.00
Loans Payable:Furniture & Fixtures Loan		2,500.00
Opening Balance Equity		142,362.50
Retained Earnings		22,200.00
Services:Boarding		770.00
Services:Day Camp		420.00
Services:Grooming		885.00
Services:House Calls		225.00
Services:Training		3,025.00
Services:Transportation		300.00
TOTAL	**$187,517.50**	**$187,517.50**

Close Your Name's Beach Barkers and QuickBooks Online

SUMMARY

In this chapter, recording cash and credit sales was practiced using the Test Drive Company and then entered in Your Name's Beach Barkers using Sales Receipts and Invoices. Credit memos and Refund Receipts were issued. Customer accounts were added and revised. Invoices and Sales Receipts were edited, deleted, and voided. Payments were received and bank deposits were made. All the transactions entered reinforced the QuickBooks Online concept of using the business form to record transactions rather than enter information in journals. However, QuickBooks does not disregard traditional accounting methods. Instead, it performs this function in the background. The Journal was accessed and printed. The fact that the Customers List functions as the Accounts Receivable Ledger and that the Chart of Accounts is the General Ledger in QuickBooks Online was pointed out. The importance of reports for information and decision-making was illustrated. Exploration of the various sales and accounts receivable reports allowed information to be viewed from a sales standpoint and from an accounts receivable perspective. Sales reports emphasized both cash and credit sales according to the product/service generating the revenue. Accounts Receivable reports focused on amounts owed by credit customers. The traditional trial balance emphasizing the equality of debits and credits was prepared.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 3.01. An Invoice is prepared to record a cash sale.

_____ 3.02. Using an incorrect date will not affect the results of reports.

_____ 3.03. You may never make corrections to bank deposits.

_____ 3.04. An Invoice may be exported to Excel.

_____ 3.05. A new Product/Service item cannot be added when creating a Sales Receipt.

_____ 3.06. A Customer Balance Summary report shows you the balances for all customers who owe you money.

_____ 3.07. You may record the sale of more than one item on both Invoices and Sales Receipts.

_____ 3.08. You can add a new customer on the fly.

_____ 3.09. Customers with a 0.00 balance are shown in the Customer Balance Summary report.

_____ 3.10. The Trial Balance shows account totals in debit/credit format.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 3.11. The Customers List functions as the ___.
- A. General Ledger
- B. Accounts Receivable Ledger
- C. Income Account
- D. Primary Account

_____ 3.12. The Sales by Customer Detail report shows information about ___ for each customer.
- A. Credit Sales
- B. Cash Sales
- C. Sales on Account
- D. All of the above

_____ 3.13. A Credit Memo is prepared to record a reduction to a transaction recorded on a(n) ___.
A. Sales Receipt
B. Invoice
C. Deposit Slip
D. Payment Receipt

_____ 3.14. When payment is made by the customer at the time of the sale, the transaction is recorded on a(n) ___.
A. Invoice
B. Payment Receipt
C. Sales Receipt
D. Refund Receipt

_____ 3.15. When a payment is made for a sale on account, it may be a ___ payment.
A. Full
B. Partial
C. Both A and B
D. Pay in advance

_____ 3.16. To make the amount owed for an invoice as 0.00 while keeping it as part of your records, you ___.
A. Prepare a Credit Memo
B. Void the Invoice
C. Delete the Invoice
D. Prepare a Refund Receipt

_____ 3.17. Receive Payments is used to record a(n) ___.
A. Payment for an Invoice
B. Cash Sale
C. Refund
D. Bank Deposit

_____ 3.18. To view all entries recorded in Debit/Credit format, you prepare a ___.
A. Journal
B. Trial Balance
C. Customer Balance Summary
D. Transaction List report

_____ 3.19. When receiving a partial payment for an Invoice, QuickBooks selects the ___ Invoice.
A. Most recent
B. Largest balance
C. Oldest
D. None of the above

_____ 3.20. Reports may be ___.
A. Printed
B. Exported to Excel
C. Emailed
D. All of the above

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

3.21. The **Plus** icon is located on the _____ Bar.

3.22. To refund money to a customer, you prepare a _____. To decrease an amount owed for an Invoice, you prepare a _____.

3.23. The report verifying that the total debits equal the total credits is the _____.

3.24. The _____ report prints the current date that cannot be changed at the top of the report.

3.25. Cash and checks received from customers are entered into the _____ account until the bank deposit is made.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

3.26. How much was the bank deposit on January 17, 2019? _____

3.27. What business form did you use to record the reduction of Nails to be trimmed for Gloria Gucci on January 12, 2019? _____

3.28. What business document did you complete to record Joshua Davis' purchase of 1 hour Dog Walking, 1 Brushing, 1 Poop Scoop, and 3 hours Transportation on January 15, 2019? _____

3.29. Prepare a Sales by Product/Service Summary report for January 1-17, 2019.
Which sales item had the largest quantity? _____
Which item generated the largest amount of Revenue? _____

3.30. What account was used for Receive Payments from Larry Bailey? _____

3.31. Prepare a Customer Balance Summary report as of January 17, 2019. Which customer(s) has/have the largest balance? _____
_____

3.32. How much is the largest customer balance? _____

3.33. How much does Gloria Gucci owe on her account on January 17, 2019? _____

3.34. How much does Joshua Davis owe as of January 17, 2019? _____

3.35. Go to Reports, Review Sales, and prepare a Sales by Customer Summary report for January 1-17, 2019. What is the total? _____

CHAPTER 3 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

_____ 1-Inv 1029 G Gucci Ch 3
_____ 2-Inv 1030 P Vines Ch 3
_____ 3-Inv 1031 E Perez Ch 3
_____ 4-Inv 1032 B Clark Ch 3
_____ 5-Inv 1033 A George Ch 3
_____ 6-Inv 1034 M Summer Ch 3
_____ 7-Inv 1035 L Bailey Ch 3
_____ 8-Inv 1036 O Gilbert Ch 3
_____ 9-Inv 1037 A Morgan Ch 3
_____ 10-Inv 1038 C Russell Ch 3
_____ 11-Cust Bal Sum Ch 3
_____ 12-Inv 1037 A Morgan Corrected Ch 3
_____ 13-Inv 1038 C Russell Corrected Ch 3
_____ 14-Cust Bal Detail Ch 3
_____ 15-Inv 1031 E Perez Void Ch 3
_____ 16-Trans List by Cust Ch 3
_____ 17-SR 1039 J Davis Ch 3
_____ 18-SR 1040 Cash Cust Ch 3
_____ 19-SR 1041 D Anderson Ch 3
_____ 20-SR 1042 Cash Cust Ch 3
_____ 21-SR 1043 G Gucci Ch 3
_____ 22-Sales by Cust Detail Ch 3
_____ 23-SR 1043 G Gucci Corrected Ch 3
_____ 24-Sales by Prod-Svc Sum Ch 3
_____ 25-CM 1044 A George Ch 3
_____ 26-Refund Rct 1045 G Gucci Ch 3
_____ 27-Ck 1 G Gucci Ch 3
_____ 28-Rcv Pmt L Bailey Ch 3
_____ 29-Rcv Pmt B Clark Ch 3
_____ 30-Rcv Pmt O Gilbert Ch 3
_____ 31-Rcv Pmt A George Ch 3
_____ 32-Rcv Pmt A Morgan Ch 3
_____ 33-Trans Detail by Acct Ch 3
_____ 34-Bank Dep 01-15-19 Ch 3
_____ 35-SR 1046 R Childers Ch 3
_____ 36-Rcv Pmt M Summer Ch 3
_____ 37-Inv 1047 T Hernandez Ch 3
_____ 38-Rcv Pmt V Norbert Ch 3
_____ 39-Rcv Pmt D Williams Ch 3
_____ 40-Rcv Pmt C Stark Ch 3
_____ 41-Rcv Pmt K Wilson Ch 3
_____ 42-Inv 1048 J Davis Ch 3
_____ 43-SR 1049 V Norbert Ch 3
_____ 44-Inv 1050 G Gucci Ch 3
_____ 45-CM 1051 J Davis Ch 3
_____ 46-SR 1052 Cash Cust Ch 3
_____ 47-Bank Dep 01-17-19 Ch 3
_____ 48-Inv 1050 G Gucci Corrected Ch 3
_____ 49-Sales Trans List Ch 3
_____ 50-Journal Ch 3
_____ 51-Trial Bal Ch 3

PAYABLES AND PURCHASES: SERVICE ITEMS

4

LEARNING OBJECTIVES

At the completion of this chapter you will be able to:

4.01. Understand the concepts for computerized accounting for payables and purchases.
4.02. Differentiate between and know when to record a transaction as a bill, a check, or an expense.
4.03. Enter, view, edit, and correct bills.
4.04. Add new vendors and new accounts.
4.05. Understand the concept of prepaid expenses.
4.06. Prepare the Transaction List by Vendor report.
4.07. Change an account name.
4.08. Enter vendor credits.
4.09. View and access transactions in the Vendor's Register.
4.10. Prepare the Unpaid Bills report.
4.11. Void and delete bills.
4.12. Pay bills.
4.13. Print checks individually or as a batch.
4.14. Edit bills using the Vendor's Register.
4.15. Prepare the Bill Payment List.
4.16. Write checks to pay bills.
4.17. Edit, void, and delete checks.
4.18. View the Audit History for a transaction.
4.19. Edit a vendor and reprint a check.
4.20. Prepare the Check Detail report.
4.21. Create and fund the Petty Cash account.
4.22. Pay for expenses using petty cash.
4.23. Purchase an asset with a company check.
4.24. View all Expense Transactions.
4.25. Display, print, export, and/or submit reports, including Vendor Balance Summary, Unpaid Bills, Bill Payment List, Transaction List by Vendor, Check Detail, Journal, and Trial Balance.
4.26. Use a date range to control the data displayed in a report.

ACCOUNTING FOR PAYABLES AND PURCHASES

At this point in your training, most of the accounting for purchases and payables is simply entering and paying bills or writing checks for expenses incurred in the operation of the business. Purchases are for things used in the operation of the business; such as supplies. Some transactions will be in the form of cash purchases, and others will be purchases on account.

Essentially, in QuickBooks Online if you purchase something and pay for it later, you record a Bill and pay for it through Pay Bills—a purchase/payment on account. Bills can be paid when they are

received or when they are due. Rather than use cumbersome journals, QuickBooks Online continues to focus on recording transactions based on the business document; therefore, you use the Bill and Pay Bills features of the program to record the receipt and payment of bills. QuickBooks Online keeps track of bill due dates and shows the number of Overdue bills on the Vendors Dashboard. Payments are made by recording payments in the Pay Bills window. If you receive a bill in the mail, a water bill for example, and pay for it without recording a bill in QuickBooks Online—you write a check. If you purchase something and pay for it at the time of purchase using petty cash, credit card, or handwritten check—you record an Expense and your method of payment. Even though QuickBooks Online focuses on recording transactions using business forms, all transactions are recorded behind the scenes in the Journal. In Chapter 7, the purchases of and payment for merchandise/inventory items are recorded.

QuickBooks Online uses a Vendors List for all vendors with which the company has an account. QuickBooks Online does not refer to the Vendors List as the Accounts Payable Ledger; yet, that is exactly what it is. The total of the Vendors List/Accounts Payable Ledger will match the total of the Accounts Payable account in the Chart of Accounts, which acts as the General Ledger.

Corrections to transactions can be made directly on the business form, in the Vendor's Register, or within the account. New accounts and vendors may be added on the fly as transactions are entered. Reports illustrating vendor balances, unpaid bills, purchases and vendor details, transaction history, check detail, and accounts payable may be viewed, printed, and exported.

TRAINING TUTORIAL

Now that the fictional company—Your Name's Beach Barkers—has been created and used to record sales transactions, this chapter focuses on recording purchases and payments, writing checks, and using petty cash. In addition to recording transactions, you will also prepare several reports. Use of Your Name's Beach Barkers will continue throughout the text as you explore the different facets and capabilities of QuickBooks Online. Because you can only create and use one company in the Educational Trial Version of QuickBooks Online, new concepts and procedures will be practiced in the Test Drive Company, and then entered into Your Name's Beach Barkers just as you did in Chapters 2 and 3.

TRAINING PROCEDURES

Follow the same training procedures that were presented in Chapters 2 and 3. Remember that the Test Drive Company will not save your work so try to complete related sections before ending your work session. Mark your place in the textbook so you know where you left off in your training. Make sure to check your work and proofread carefully. Double-check the amounts of money, accounts, product/services items, and dates used.

Print, export, and submit work as directed in the chapter and by your instructor. When you prepare a business document such as a check, you may print or save the document. You may not print bills or expense entries. If you prepare a report, you may print the document, export it to Excel, and/or submit it.

Just as you did in Chapter 3, you will enter additional transactions near the end of the chapter. These transactions are similar to the ones you entered in the Test Drive Company and in Your Name's Beach Barkers so no step-by-step instructions will be given. If you need to refer back to the chapter materials to make the entries, you should feel free to do so. If you can enter them without looking back, you have learned how to do something on your own in QuickBooks Online.

DATES

In Chapters 3-8, the year used in the text is 2019. Dates used in training will be specified when you begin to record transactions. When working through the text, you should always use the date given and the current year. For example, if you are using the text in January 2020, you will use the year 2020. The main criterion is to be consistent with the year you use throughout the text.

When QuickBooks Online inserts the current date into a transaction, be aware of this and be sure to use the date indicated in the text. When using the Test Drive Company, remember that it is programmed to change dates automatically so the dates of the screenshots in the text will not match the ones on your screen.

IMPORTANT NOTE

QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed/Horne Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text, new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

When using QBO, you may also download and use Apps. Apps are programs that are designed to integrate and work with QuickBooks Online. Some Apps are free while others require a payment. As a result, Apps are not included in the text. Whenever possible, program changes are incorporated into the text; but some changes will not be able to be included until the next edition.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

BILLS, CHECKS, EXPENSES

QuickBooks Online has three ways to record purchases and expenses: Bills, Checks, and Expenses. Throughout this chapter, all three ways will be explored.

Bills and Bill Payments

If you receive a Bill for an expense or an asset that is a prepaid expense--think office supplies—and plan to pay it at a later time, you record the transaction as a Bill. When you pay for the Bill, you use Pay Bills. Using Pay Bills matches the Bill and the Bill Payment, and QuickBooks Online automatically writes the Check. You may also use a credit card to pay a bill. (This will be done in Chapter 7.)

Checks

If you buy something or pay for an expense without recording it as a bill, you prepare a Check in QuickBooks Online.

Expenses

If you buy something or pay for an expense without recording a bill or writing a check in QuickBooks Online, you record an Expense. When you record Expenses, payment would be made using Petty Cash or a credit card. If you wrote the check by hand and not in QuickBooks Online, you would also record the payment in Expenses.

BEGIN TRAINING

In this chapter, you will be entering bills incurred by the company in the operation of the business. You will also be recording the payment of bills, purchases using checks, and expenses using petty cash.

The Vendors List keeps information regarding the vendors with whom you do business; and, in addition to being a list, the Vendors List functions as the Accounts Payable Subsidiary Ledger. Even though QuickBooks does not use this term, the use of the Vendors List for the Accounts Payable Subsidiary Ledger conforms to GAAP (Generally Accepted Accounting Principles). A transaction entry for an individual vendor is posted to the vendor's account in the Vendors List just as it would be posted to the vendor's individual account in an Accounts Payable Subsidiary Ledger. The balance of the Vendors List will be equal to the balance of Accounts Payable in the Chart of Accounts. The Chart of Accounts also functions as the General Ledger when using GAAP standards.

As in the previous chapters, all transactions are listed in memos. The transaction date will be the same as the memo date unless specified otherwise within the transaction. Vendor names, when necessary, will be given in the transaction. Unless other terms are provided, the terms are Net 30.

Purchases and payables are usually for items that are used in the operation of the business. The Vendors List includes the vendor names and other related information. In the course of the chapter, the creation and use of Petty Cash will be included as will the purchase of an asset by writing a check.

ENTER, EDIT, AND VIEW BILLS—DRILL

QuickBooks Online Plus provides accounts payable tracking. Entering bills as soon as they are received is an efficient way to record your liabilities (something you owe). On the Bill screen, you will enter the vendor, vendor's address, terms, bill date, due date, bill number, account details, and/or item details. The Account details section is used when recording a bill for an expense. The Item details section is used when purchasing Inventory Items (presented in Chapter 7). When you record a bill, it is a purchase on account. When you enter the bill, QuickBooks Online will enter a debit to the expense account and a credit to the Accounts Payable account in the Journal.

MEMO
DATE: January 18, 2019

Record the bill from Lee Advertising for $150.00. Memo: Monthly Advertising. Terms Net 30.

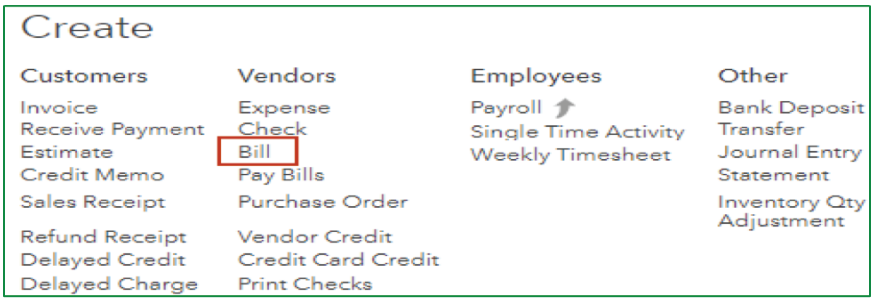
DRILL

Open the **Test Drive Company** as previously instructed and practice entering bills

Enter Bill

Practice recording Bills in the **Test Drive Company**

On the Top-Navigation bar, click the **Plus** icon
On the Create screen, click **Bill** in the Vendors Column



- A bill is used to record a purchase on account and basically represents the company's charge account with a vendor's company. (In this case you are the customer of the vendor!) A transaction recorded on a bill means that you will pay for the purchase at a later time.

Click the drop-down list arrow for Choose a Vendor
Click **Lee Advertising**

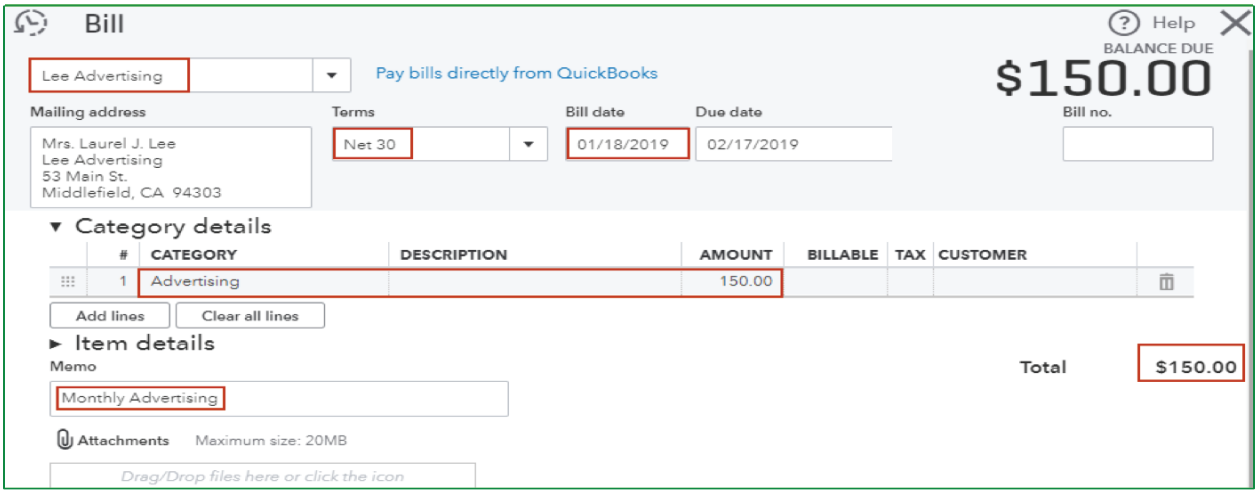
- If the text box for Terms is blank, click the drop-down list arrow, click **Net 30**.

Tab to Bill date, enter **011819**, press **Tab**

- If there are no lines for entry under Category details, click it to Expand the section.

Click in Line 1 in the CATEGORY text box, click the drop-down list arrow, click **Advertising**
Tab to AMOUNT, enter **150**, press **Tab**
Click in Memo text box, enter **Monthly Advertising** to identify the reason for the transaction

- When you print or view the Journal, Monthly Advertising will show in the MEMO/DESCRIPTION column.
- In the following screenshot, you will see a text box for Attachments. You may drag/drop files in the Attachments text box to associate a document with the Bill. For example, you could scan your bill that came in the mail and attach it to this bill. Since we will not be working with attachments at this point, the text box will not be shown after this.



Click **Save and close**

- Remember, if you see Save and new, click the drop-down list arrow and then click Save and close.

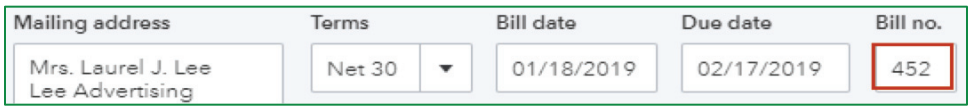
Continue using the Test Drive Company

Edit and Correct Errors

If an error is discovered after recording a bill, you may return to the bill and correct it.

Practice correcting a Bill in the **Test Drive Company**

Forgot to record 452 for the Bill no.
Click **Expenses** on the Navigation bar, then click **Vendors**
Click **Lee Advertising**
Click **Bill** in the Transaction List for Lee Advertising
Enter the Bill no. **452**



Click **Save and new**
Do not close the Test Drive Company

ENTER BILLS, ADD ACCOUNT, AND ADD NEW VENDOR—DRILL

As with invoices, bills with multiple items may be prepared, vendors may be added on the fly, and new accounts may be added while entering a bill.

MEMO

DATE: January 18, 2019

Received Bill 890 from Computers by Jenni for a one-month rental of a computer while ours is being repaired, $150. The bill also includes $250 for Computer Repairs. Terms Net 30. Add a new expense account: Type: Expenses, Detail Type: Equipment Rental, Name: Computer Rental, Subaccount of Equipment Rental.

Received Bill 7182 for $349.00 for office supplies to have on hand from a new vendor, Jones Office Supplies (275 Main Street, Palo Alto, CA 94303, Phone: 650-555-1232, Terms: Net 30. Add a new account: Category Type: Other Current Assets, Detail Type: Prepaid Expenses, Name: Office Supplies, Subaccount of: Prepaid Expenses.

DRILL

4

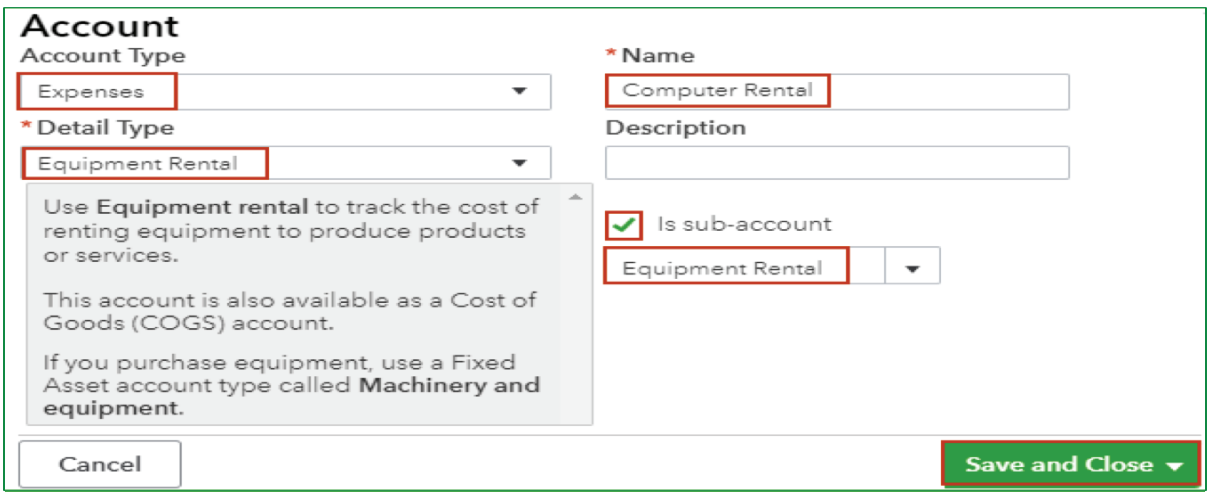
Continue to use the **Test Drive Company** to add accounts and vendors, and to record bills

Create Multiple Item Bill and Add New Account

When more than one charge is on a bill, you enter it on the next line in Category Details.

Use the **Test Drive Company** to record the bills in the Memo

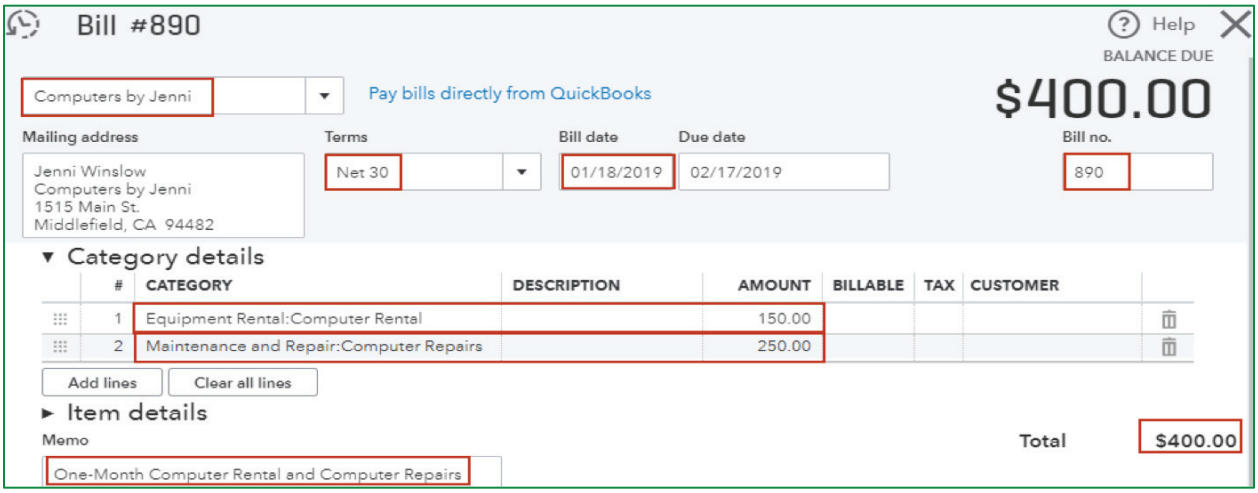
With a new **Bill** showing on the screen, click the drop-down list arrow for Vendor
Click **Computers by Jenni**
Terms: **Net 30**
Bill date: **01/18/19**
Bill no.: **890**
For Line 1: click in the CATEGORY text box, click the drop-down list arrow
Click **+Add new**
Create a new Account:
Category Type: **Expenses**
Detail Type: **Equipment Rental**
Name: **Computer Rental**
Subaccount of: **Equipment Rental**
Click **Save and Close**


Account
Account Type
Expenses
*Detail Type
Equipment Rental
Use Equipment rental to track the cost of renting equipment to produce products or services.
This account is also available as a Cost of Goods (COGS) account.
If you purchase equipment, use a Fixed Asset account type called Machinery and equipment.
*Name
Computer Rental
Description
Is sub-account
Equipment Rental
Cancel
Save and Close

Tab to AMOUNT and enter **150**
For Line 2: click in the CATEGORY text box, click the drop-down list arrow
Click the Expense account **Maintenance and Repair: Computer Repairs**

- Do not click the Maintenance and Repair that is a subaccount of Job Expenses and Cost of Labor.

Tab to AMOUNT and enter **250**
Enter the Memo: **One-Month Computer Rental and Computer Repairs**



Click **Save and new**

- Remember, if Save and new isn't shown, click the drop-down list arrow next to Save and close.

Do not close the Test Drive Company

Purchase Prepaid Expenses, Add New Vendor and New Account

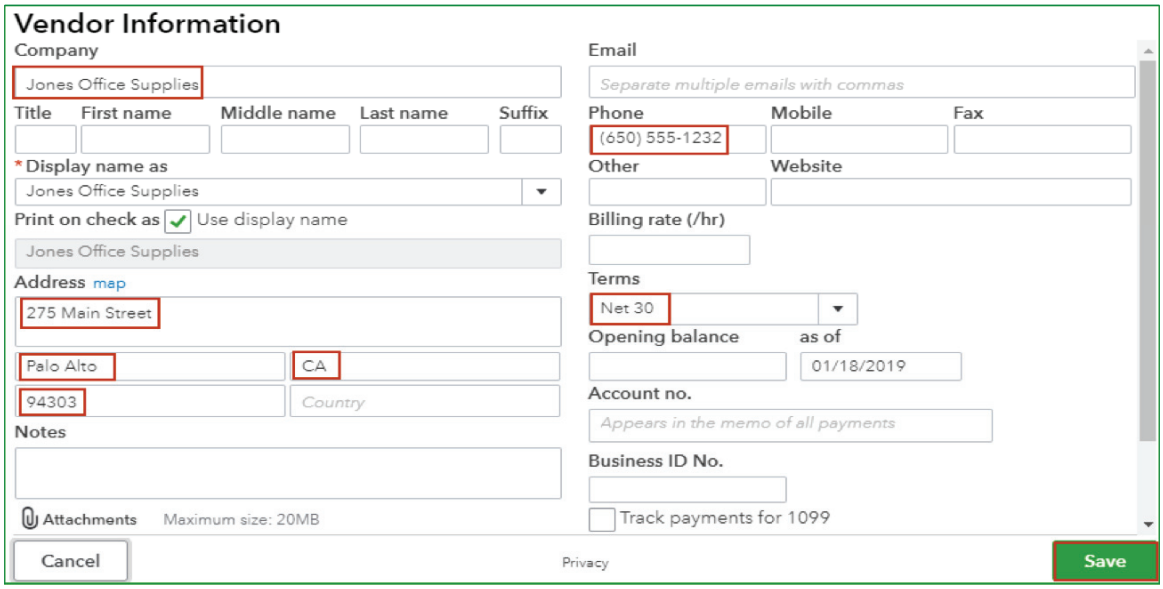
The accrual basis of accounting matches the expenses of a period against the revenue of the period. This means that income and expense transactions are recorded at the time the sale is made or the expense is incurred no matter when a payment is made or received. While the cash basis of accounting records income when a payment is received and expenses when a payment is made no matter when they occurred.

Frequently, when in training, there may be difficulty in determining whether something is recorded as an expense or as an asset (a prepaid expense). When you buy or pay for something to have on hand and it will eventually be used up in the operation of the business and become an expense, it is recorded as an asset. After it is used, an adjusting entry is made to transfer the amount used to an expense account. For example, when you purchase office supplies to have on hand, it is called a prepaid expense and is recorded in the asset account Office Supplies. At the end of the period, an adjusting entry is made to transfer the amount of office supplies used to the expense account Supplies: Office Supplies Expense.

Continue using the **Test Drive Company** to record the bill from a new vendor, Jones Office Supplies

Click in the Choose a Vendor text box, click the drop-down list arrow, and click **+Add new**
Enter the name **Jones Office Supplies**

Click **+Details**
Delete **Jones** from First name, delete **Office** from Middle name, and delete **Supplies** from Last name
Enter **Jones Office Supplies** in the Company text box
Complete the Vendor information using the information in the Memo



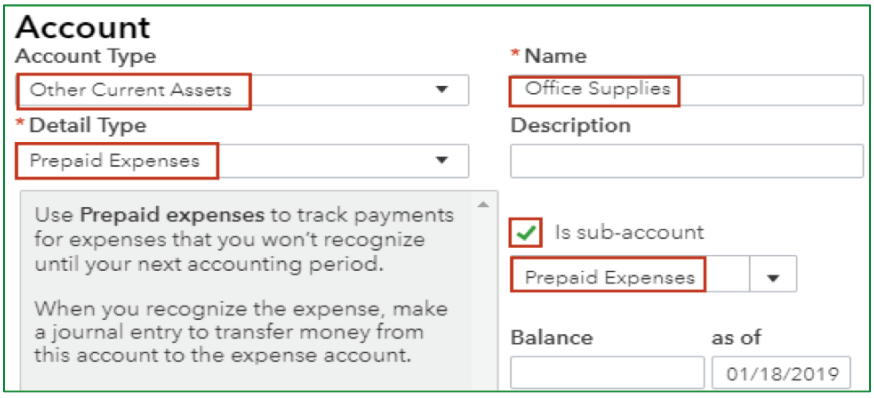
Click **Save**

- Jones Office Supplies and the vendor information appear in the bill.

Click in the CATEGORY text box for Line 1
Click the drop-down list arrow and scroll through all of the accounts

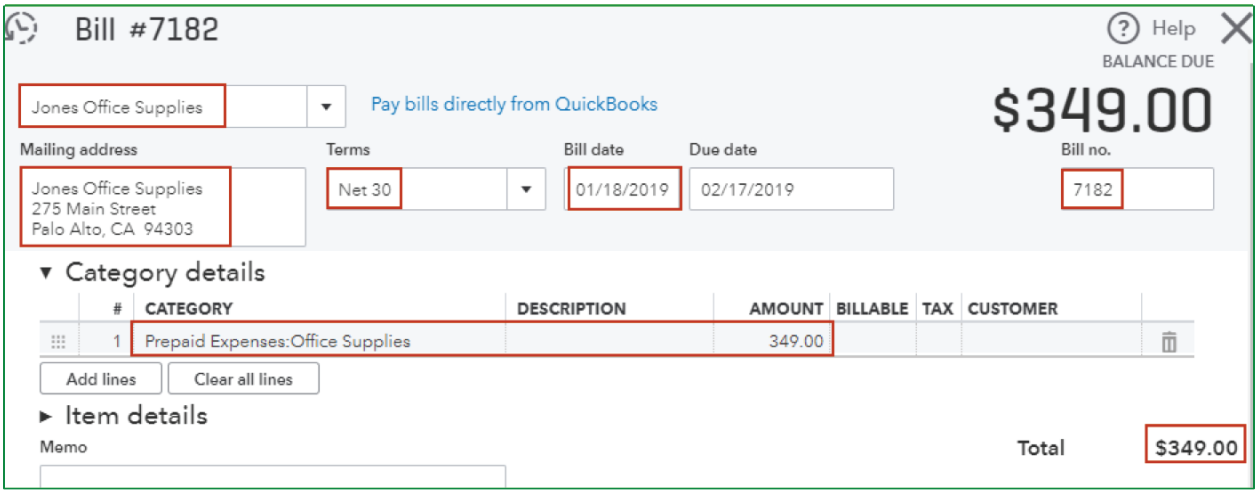
- There is no Asset account for Office Supplies. Remember, when you purchase office supplies, you will have the supplies on hand for use in the business. While you have the supplies, they are something you own and are shown as an asset. As they are used, the amount used will become an expense.

Click **+Add new**
Use the information in the Memo to create the new account



When finished, click **Save and close**
Refer to the Memo and complete the bill

- Don't forget to enter the Bill No.
- The transaction is self-explanatory so there is no need to enter a transaction memo.



Click **Save and close** or the drop-down list arrow and then the command

- If you get a blank Bill, click the **Close** button at the top of the form.

Do not close the Test Drive Company, continue to the next section

TRANSACTION LIST BY VENDOR REPORT—DRILL

To obtain information regarding transactions by vendor, you prepare a Transaction List by Vendor report. This allows you to view the vendors with recorded transactions. The type of transaction is identified; for example, the word *Bill* appears when you have entered the transaction as a bill. The transaction date, any invoice numbers or memos entered when recording the transaction, the accounts used, and the transaction amount appears in the report.

DRILL

Continue to use the **Test Drive Company** to prepare the Transaction List by Vendor report

Click **Reports** on the Navigation bar, scroll through the list of reports available until you get to the **Expenses and Vendors** category, click **Transaction List by Vendor**
Enter the dates From: **01/01/2019** and To: **01/18/19**, click **Run Report**
Scroll through the report to see all of the Vendor Transactions for January 1-18

- The partial report shown below only shows the bills you entered.

Craig's Design and Landscaping Services
TRANSACTION LIST BY VENDOR
January 1-18, 2019

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Computers by Jenni						
01/18/2019	Bill	890	Yes	One-Month Computer Rental and Computer Repairs	Accounts Payable (A/P)	400.00
Jones Office Supplies						
01/18/2019	Bill	7182	Yes		Accounts Payable (A/P)	349.00
Lee Advertising						
01/18/2019	Bill	452	Yes	Monthly Advertising	Accounts Payable (A/P)	150.00

Close the Test Drive Company

ENTER, EDIT, AND VIEW BILLS—DO

As you learned in the Drill, QuickBooks provides accounts payable tracking. Entering bills as soon as they are received is an efficient way to record your liabilities. When you record a bill, it is a purchase on account. Behind the scenes, QuickBooks Online will debit the appropriate expense account and credit the Accounts Payable account in the Journal.

MEMO **DATE:** January 18, 2019 Record Bill 525 from Beach Advertising for $100.00. Bill Memo: Monthly Advertising. Terms Net 30.
Received Bill 762 for $342.45 from Vince's Auto Repair for Gasoline (Automobile Expenses renamed to Vehicle Expenses), $79.95. The bill also includes Belts and Timing Repair for $262.50. (Add a new Expense Account: Vehicle Repair, Detail Type: Repair & Maintenance, Subaccount of Repair & Maintenance). Bill Memo: Gasoline and Repair.
Received Bill 230 for $275 from a new vendor, Tech Savvy (2239 Abbott-Kinney Drive, Venice, CA 90291, Email: Tech Savvy@data.com, Phone: 310-555-8816, Fax: 310-555-6188, Terms: Net 30) for a one-month rental of a computer (Equipment Rental) while ours is being repaired, $75. The bill also includes $200 for Computer Repairs. Bill Memo: One-Month Computer Rental and Computer Repair. (Add a new expense account: Type: Expenses, Detail Type: Repair & Maintenance, Name: Computer Repair, Subaccount of Repair & Maintenance.)
Record Bill 4953 from Quality Insurance for an additional $600 of Insurance. Terms: Net 30. Bill Memo: Additional Insurance.
Received Bill 286 for $425.23 for office supplies to have on hand—a prepaid expense—from a new vendor, Super Office (2175 Main Street, Santa Monica, CA 90405, Email: SuperOffice@beach.com, Phone: 310-555-3275, Fax: 310-555-5723, Terms: Net 30). No Bill Memo is necessary.

DO

Open **Your Name's Beach Barkers** as previously instructed and enter the bills in the Memo

Enter Bill

When entering the following transactions, the Terms will be Net 30. Because the terms were included for each vendor's record, Net 30 should appear in your bills automatically.

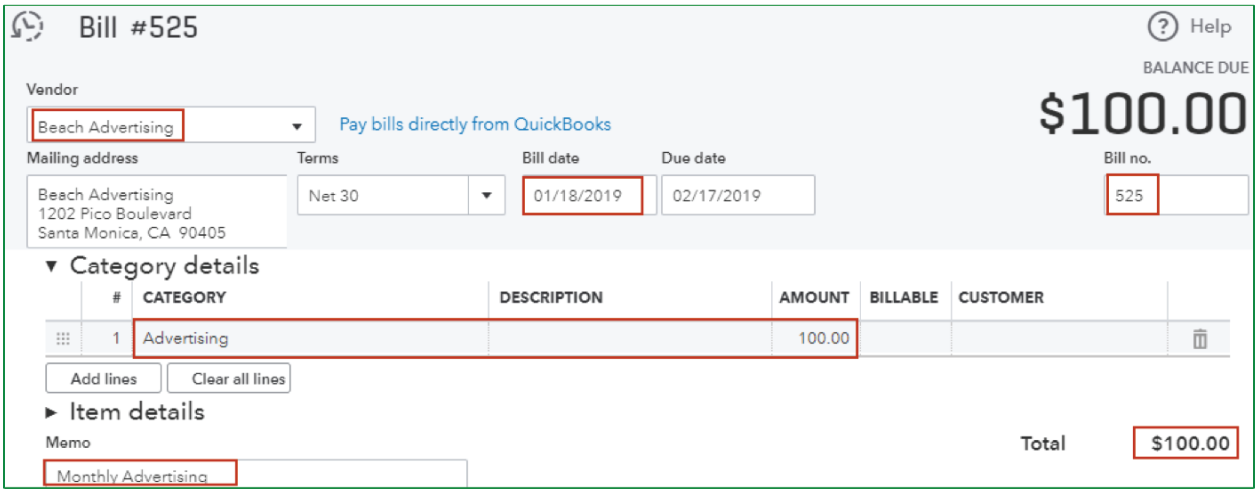
Enter a Bill in **Your Name's Beach Barkers**

Click the **Plus** icon
On the Create screen, click **Bill** in the Vendors Column

- A bill is used to record a purchase on account and is basically the company's charge account with a vendor's company. A transaction recorded on a bill means that you will pay for the purchase at a later time.

Click the drop-down list arrow for Vendor
Click **Beach Advertising**
Tab to Bill date, enter **011819**, press **Tab**
Enter the Bill no. **525**

Click in Line 1 in the CATEGORY text box, click the drop-down list arrow, click **Advertising**
Tab to AMOUNT, ENTER **100**, press **Tab**
Tab to or click in the Memo text box and enter **Monthly Advertising**



- QuickBooks Online does not print the Bills that you record.

Click **Save and close** (Click the drop-down list arrow if it is not shown)
Do not close Your Name's Beach Barkers

Edit and Correct Errors

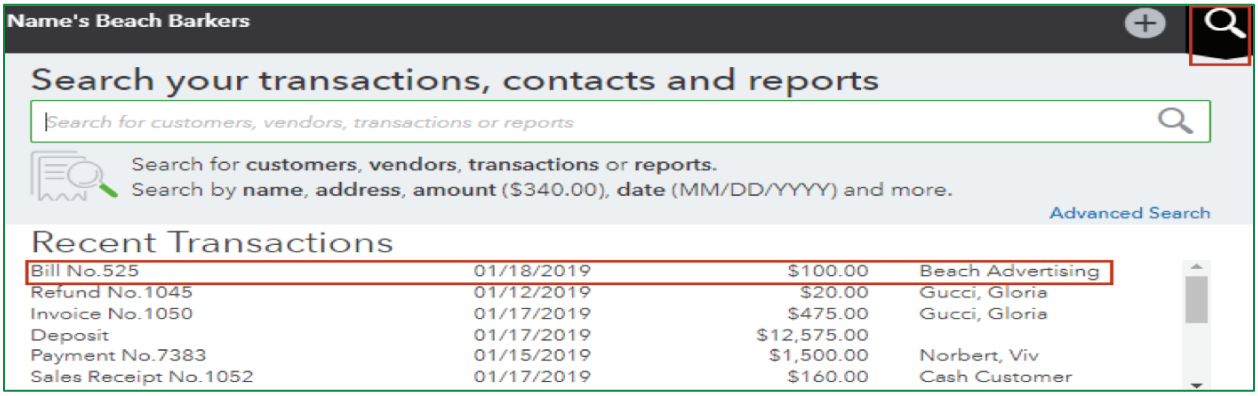
If an error is discovered after a bill was recorded, you may return to the bill and correct it.

Correct the bill for Beach Advertising

Click the **Search** icon on the Top-Navigation bar

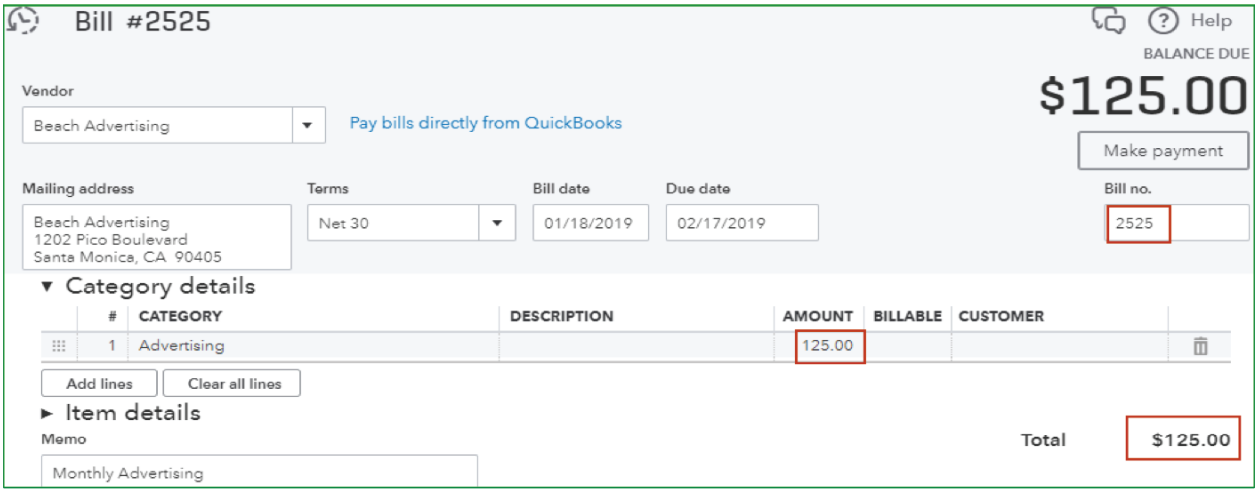
- The Recent Transactions List shown in Search displays a list of the most recent transactions and is a fast way to access them. The order of the transactions displayed may be different from the one shown below.

Click **Bill No. 525** for **Beach Advertising** in the list of Recent Transactions


Name's Beach Barkers
Search your transactions, contacts and reports
Search for customers, vendors, transactions or reports
Search for customers, vendors, transactions or reports.
Search by name, address, amount ($340.00), date (MM/DD/YYYY) and more.
Advanced Search
Recent Transactions
Bill No.525 01/18/2019 $100.00 Beach Advertising
Refund No.1045 01/12/2019 $20.00 Gucci, Gloria
Invoice No.1050 01/17/2019 $475.00 Gucci, Gloria
Deposit 01/17/2019 $12,575.00
Payment No.7383 01/15/2019 $1,500.00 Norbert, Viv
Sales Receipt No.1052 01/17/2019 $160.00 Cash Customer

- You are returned to Bill No. 525.

Change the Bill no. to **2525**
Change the AMOUNT to **125**



Click **Save and close** (Click the drop-down list arrow if not shown)
Do not close Your Name's Beach Barkers

Change Account Name

In the Chart of Accounts, there is an expense account named Automobile Expense. It should be renamed to Vehicle Expenses.

Continue to use **Your Name's Beach Barkers**

Open the Chart of Accounts as previously instructed
Scroll through the Account List until you get to Automobile Expense
Click the drop-down list arrow for Automobile Expense, click **Edit**
Change the Name to **Vehicle Expenses**

Click **Save and Close**
Do not close Your Name's Beach Barkers

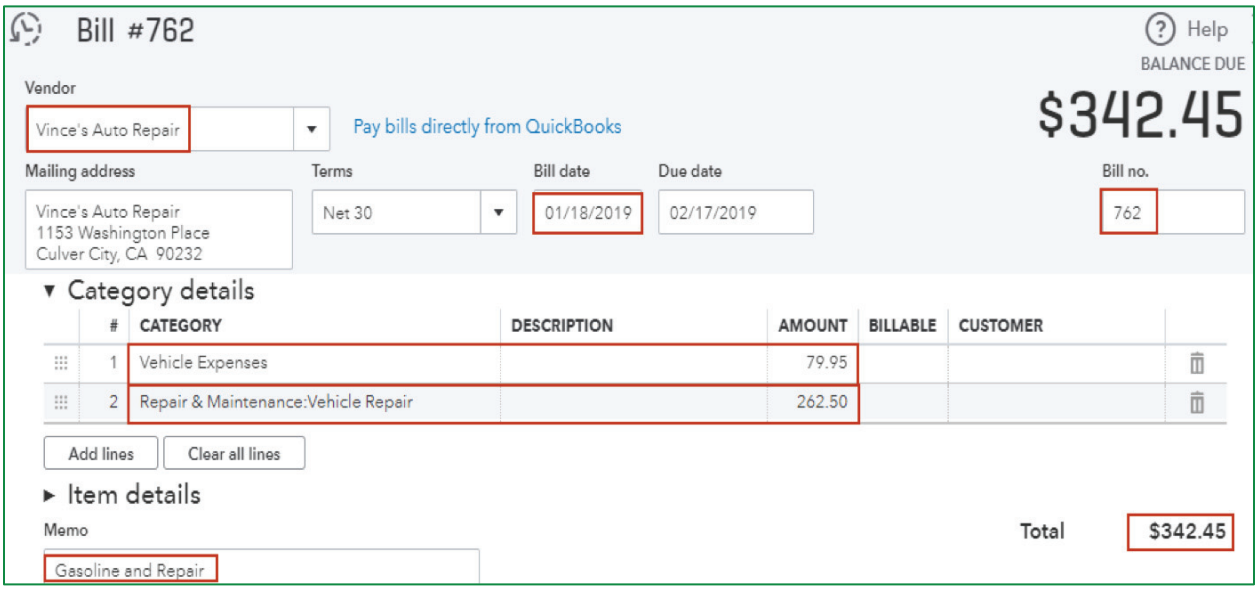
Create Multiple Item Bill and a New Account

When there is more than one charge on a bill, you simply continue using the next line in the Account details section.

Use **Your Name's Beach Barkers** to record the bill from Vince's Auto Repair

Create a new **Bill**
Vendor: **Vince's Auto Repair**
Bill date: **01/18/19**
Bill no.: **762**

Line 1: Account: **Vehicle Expenses**
Tab to AMOUNT, enter **79.95**, press **Tab**
Complete Line 2:
Account: **+Add new**
Create a new Expense Account:
Type: **Expenses**
Detail Type: **Repair & Maintenance**
Name: **Vehicle Repair**
Subaccount of: **Repair & Maintenance**
Return to the bill and enter the amount for Line 2: **262.50**
Memo: **Gasoline and Repair**



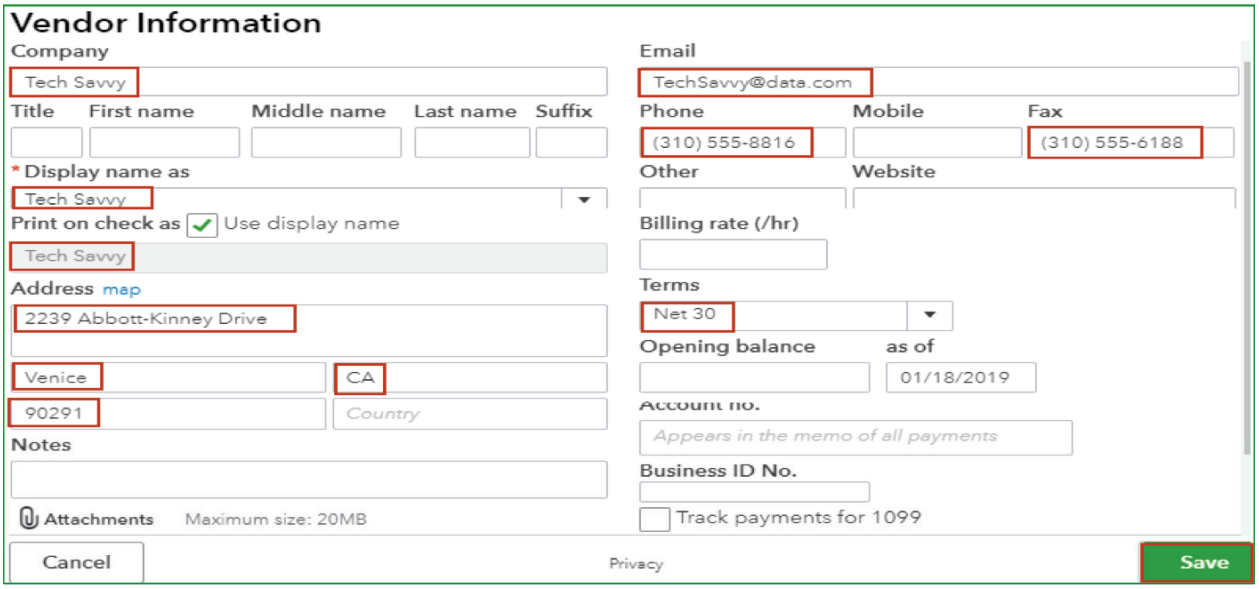
Click **Save and new**, do not close Your Name's Beach Barkers

Enter Bill, Add New Vendor and New Account

When recording a bill, you may create an account on the fly.

Continue using **Your Name's Beach Barkers** and record the bill from Tech Savvy

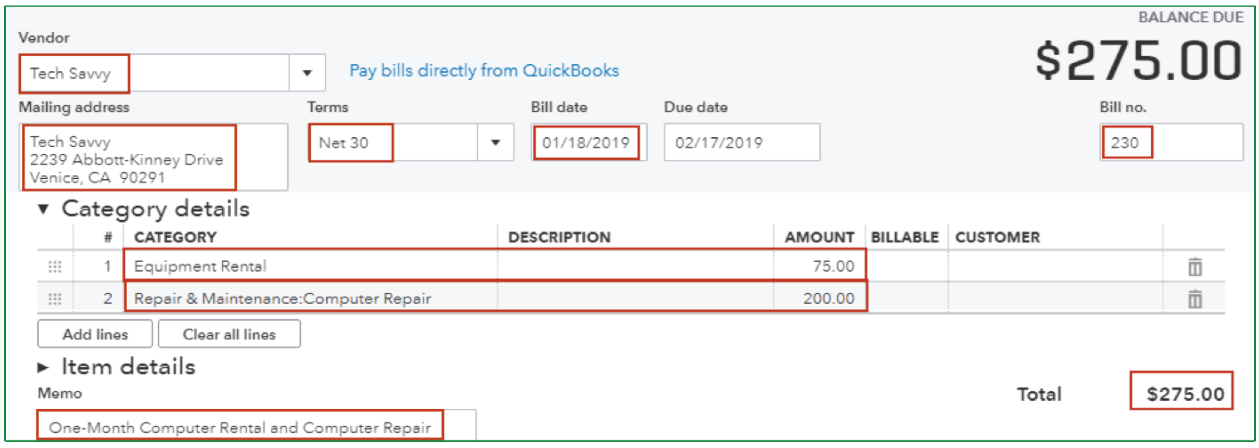
Add a New Vendor, Tech Savvy
Click the drop-down list arrow for Choose a vendor
Click **+Add new**
Enter the Name **Tech Savvy**
Click **+Details**
Delete **Tech** from the First name and **Savvy** from the Last name
Enter **Tech Savvy** for Company
Refer to the Memo and enter the other details as previously instructed



Click **Save**
Refer to the Memo and enter the information as previously instructed
Line 1 CATEGORY: **Equipment Rental**

- No subaccounts required.

Line 2, click in the CATEGORY text box, and click the drop-down list arrow
Click **+Add new**
Use the Memo information and previous instructions to create a new Expense Account
Computer Repair
Complete the Bill as instructed
Enter the Memo: **One-Month Computer Rental and Computer Repair**



Click **Save and new**
Do not close Your Name's Beach Barkers

Purchase Prepaid Expenses

As presented in the Drill, the accrual method of accounting matches the expenses of a period against the revenue of the period. When you buy or pay for something to have on hand and it will eventually be used up in the operation of the business, it is recorded as an asset. The asset is considered a prepaid expense because it will eventually become an expense. At the end of the

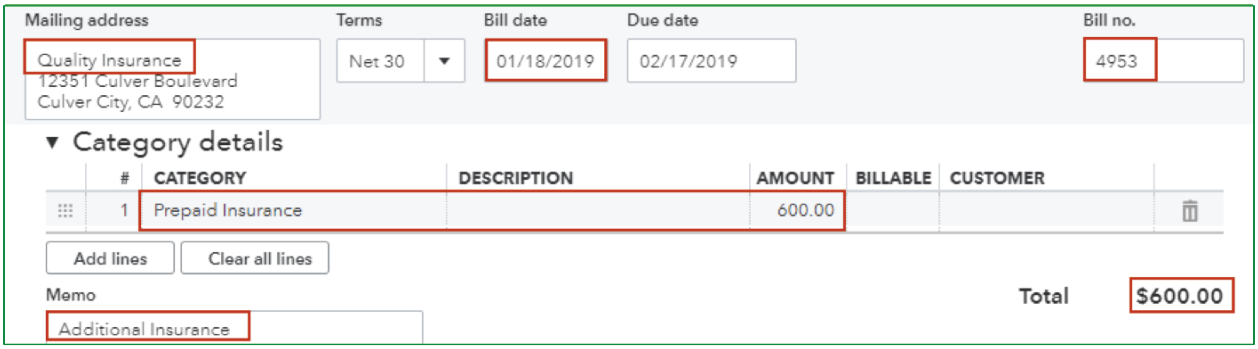
period, an adjusting entry is made to transfer the amount used from the asset account to the expense account.

Continue using **Your Name's Beach Barkers** to record the bill from Quality Insurance

Enter Bill **4953** from **Quality Insurance** as previously instructed
For Line 1, use the Asset account: **Prepaid Insurance**

- Prepaid Insurance is a prepaid expense and is an asset until it is used up.

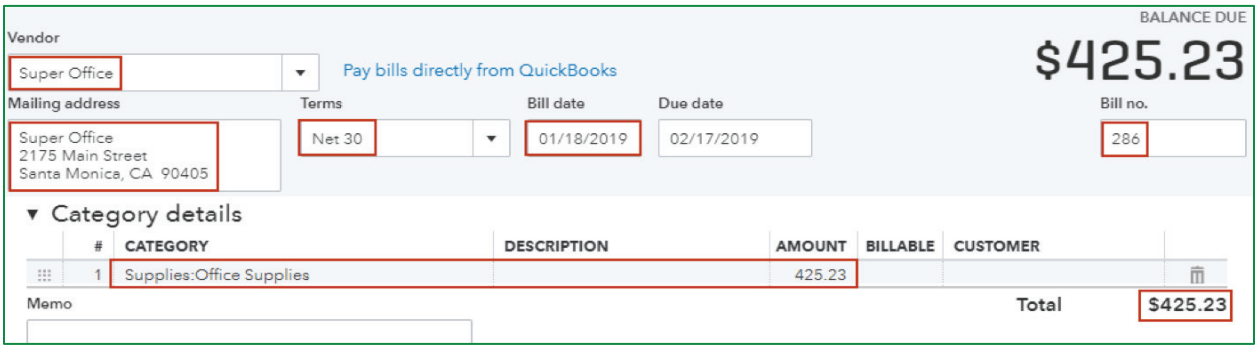
Amount: **600**
Memo: **Additional Insurance**



- The bill above shows only the information you added. The section for Item details is not shown because it is used for inventory items. You will work with this in Chapter 7.

Click **Save and new**
Refer to the Memo and follow the steps previously presented to add a new vendor, Super Office and prepare a bill for Office Supplies to have on hand

- Did you use the asset account: Supplies: Office Supplies?
- If you were to look at the account setup, you would find the Detail Category listed as Prepaid Expenses. That is because while we have the supplies on hand, they are something we own.



Click **Save and close**
Do not close Your Name's Beach Barkers

TRANSACTION LIST BY VENDOR REPORT—DO

A Transaction List by Vendor report is prepared to view the vendors and transaction details that have been recorded.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Transaction List by Vendor

Click **Reports** on the Navigation bar, scroll to the **Expenses and Vendors** report category, click **Transaction List by Vendor**
Enter the dates From: **01/01/19** and To: **01/18/19**, click **Run Report**
Scroll through the report to see all the Vendor Transactions for January 1-18, 2019

- Check with your professor to see if you should remove the Date and Time Prepared from the footer. If so, do the following:
  To remove the date and time prepared from the footer, click the **Customize** button
  Click **Header/Footer** on the left side of the Customize screen
  Click **Date Prepared** and **Time Prepared** to remove the check marks
  Click **Run Report**
- As an alternate, your professor may wish to know the date and time you prepared your reports. If so, click the **Customize** button, click **Header/Footer** on the left side of the Customize screen, click the drop-down list arrow for **Footer**, and click **Right** for the position.

View the report

- Notice that the Bill Memos you entered on the bills appear in the Memo/Description column. You did not enter a Bill Memo for the transaction with Super Office so nothing appears in the Memo/Description column for that bill.

Your Name's Beach Barkers
TRANSACTION LIST BY VENDOR
January 1-18, 2019

DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Beach Advertising						
01/18/2019	Bill	2525	Yes	Monthly Advertising	Accounts Payable (A/P)	125.00
Quality Insurance						
01/18/2019	Bill	4953	Yes	Additional Insurance	Accounts Payable (A/P)	600.00
Super Office						
01/18/2019	Bill	286	Yes		Accounts Payable (A/P)	425.23
Tech Savvy						
01/18/2019	Bill	230	Yes	One-Month Computer Rental and Computer Repair	Accounts Payable (A/P)	275.00
Vince's Auto Repair						
01/18/2019	Bill	762	Yes	Gasoline and Repair	Accounts Payable (A/P)	342.45

As you did with reports in Chapter 3, print, email, and or export the report

- Verify with your instructor whether or not you should print, export, and/or submit the report. You may submit a report by clicking the Email button or by printing to a PDF file and attaching it to an email.

If you are required to do so, perform one of the following:
Print: click the **Print** button and make the appropriate selections on the Print menu
Export to Excel: click the drop-down list arrow on the **Excel** button, click **Export to Excel**. If you save the report, name it **1-Your Name Trans List by Vend Ch 4**

- Remember, only reports may be exported to Excel.

Email: Sends the report directly to your instructor without saving to a pdf file, click the **Email** button, Your Name <quickbooks-email@intuit.com> is inserted by QuickBooks, enter your instructor's email address, if you wish to add a note, do so in Note:, then click **Send**

Close Your Name's Beach Barkers

ENTER VENDOR CREDIT—DRILL

A Vendor Credit is prepared to record a reduction to a transaction between your company and a vendor. If you make a return or were billed for more than you used, you will receive a credit memo from a vendor acknowledging a change to the amount owed. In QuickBooks Online, you complete a Vendor Credit to record the receipt of the vendor's Credit Memo. The amount of the vendor credit is deducted from the amount owed.

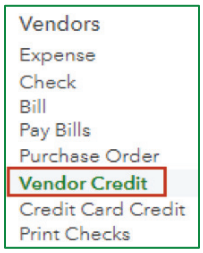
MEMO
DATE: January 20, 2019

Received Credit Memo 201 from Robertson & Associates for one-half hour less time than originally billed for Legal & Professional Fees: Accounting. Reduce the amount from $315 to $275.

DRILL

Open the **Test Drive Company** and record the Vendor Credit from Robertson & Associates

Open the Vendors List, click **Robertson & Associates**
In the Register for Robertson & Associates, click the **Bill** for **$315.00**
View the Bill, verify the account used, and then close it
Click the **Plus** icon on the Top-Navigation bar
In the Vendors column, click **Vendor Credit**



- Even though the Vendor Credit is for a different purpose, many of the procedures used in recording the form are the same as when you record bills. Step-by-step instructions will be given when there are differences in methods and/or procedures.

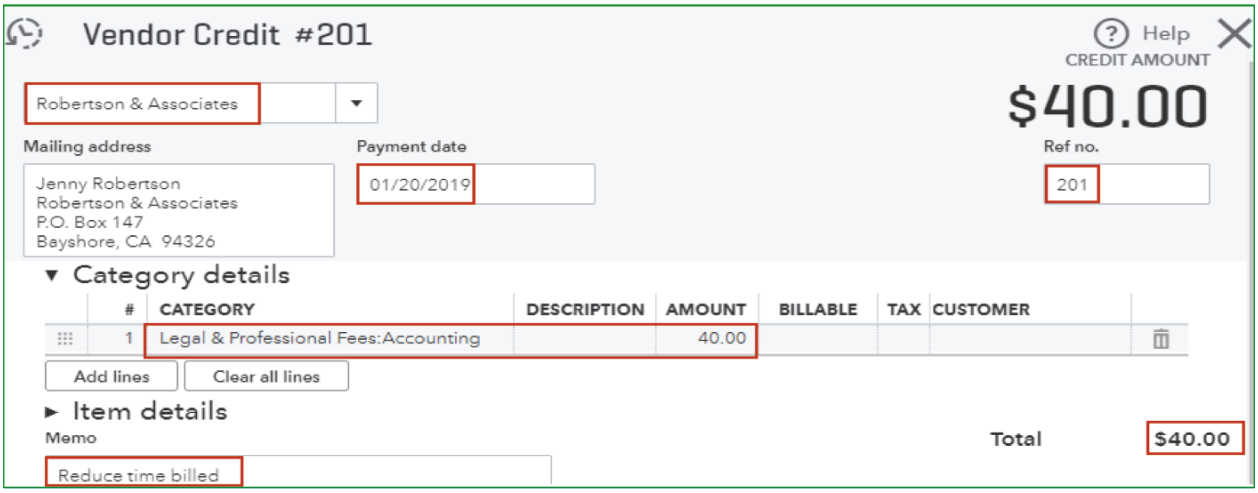
Complete the Vendor Credit:
Vendor: **Robertson & Associates**
Payment Date: **01/20/19**
Ref no.: **201**

- When the vendor changes an amount owed from a customer (Craig's Design and Landscaping Services—the Test Drive Company), the vendor (Robertson & Associates) issues a credit memo to the customer. This is entered as the Reference number for the Vendor Credit.

In Line 1, click in the column for CATEGORY
Scroll through the account list, since **Legal & Professional Fees: Accounting** was the account used for the bill, click it to select

- The original bill had an amount of $315. Do the math to calculate the amount of the adjustment: 315-275 = 40.

Enter the amount of the adjustment: **40**
Enter the Memo: **Reduce time billed**



Click **Save and close** (click the drop-down if necessary)
Do not close the Test Drive Company

VIEW VENDOR REGISTER—DRILL

A Vendor Credit will be shown in the individual vendor's register. Open the Register for Robertson & Associates and view the Vendor Credit.

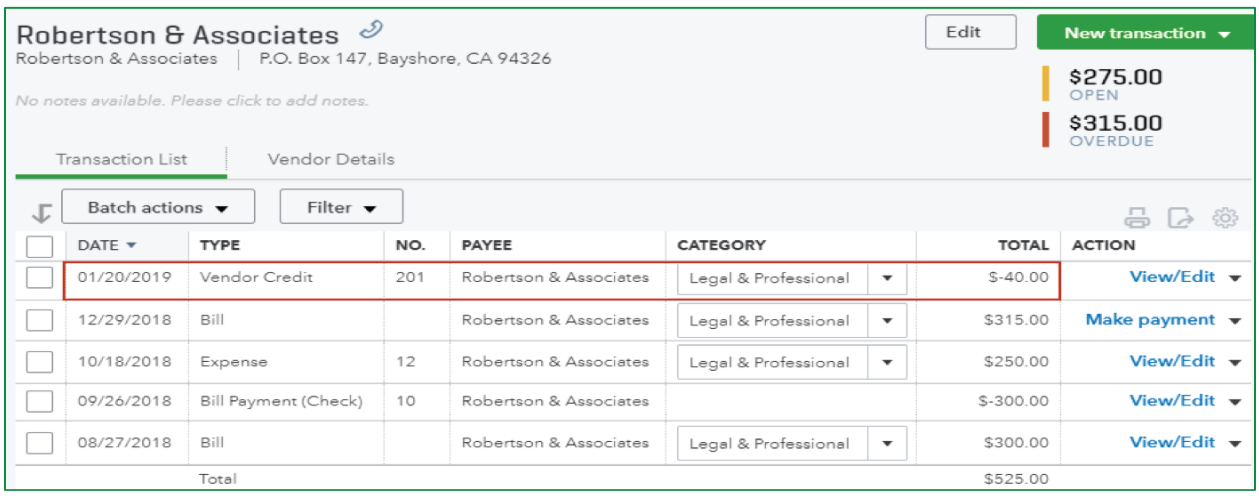
DRILL

Continue to use the **Test Drive Company** and view the Vendor Credit in the Register

The register for **Robertson & Associates** should still be on the screen

- If it is not on the screen, open the Vendors List and the Vendor Register as previously instructed.

You will see the Vendor Credit of $40.00 for 01/20/2019


Robertson & Associates
Robertson & Associates | P.O. Box 147, Bayshore, CA 94326
No notes available. Please click to add notes.
Edit
New transaction
$275.00 OPEN
$315.00 OVERDUE
Transaction List
Vendor Details
Batch actions
Filter
DATE TYPE NO. PAYEE CATEGORY TOTAL ACTION
01/20/2019 Vendor Credit 201 Robertson & Associates Legal & Professional $-40.00 View/Edit
12/29/2018 Bill Robertson & Associates Legal & Professional $315.00 Make payment
10/18/2018 Expense 12 Robertson & Associates Legal & Professional $250.00 View/Edit
09/26/2018 Bill Payment (Check) 10 Robertson & Associates $-300.00 View/Edit
08/27/2018 Bill Robertson & Associates Legal & Professional $300.00 View/Edit
Total $525.00

- You will see the Vendor Credit along with other transactions for Robertson & Associates. Some of the transactions shown are areas that you have not yet studied or used. Do not worry if you don't understand everything displayed at this time. As you advance through the text, these areas will be presented.

- If the dates shown on the transactions are different from the ones shown above, do not be concerned. The Test Drive Company is programmed to automatically change the transaction dates.

Do not close the Test Drive Company, continue and complete the next section

UNPAID BILLS REPORT—DRILL

It is possible to get information regarding unpaid bills by simply preparing a report. QuickBooks Online prepares an Unpaid Bills report listing information for each unpaid bill. This includes the Transaction Date, Transaction Type, Number, Due Date, number of days Past Due, Amount of the original bill, and the Open Balance. Evaluating the Unpaid Bills report enables you to determine which bills should be paid and to know which bills are overdue.

DRILL

Continue to use the **Test Drive Company** and view the Unpaid Bills report

Access **Reports**, scroll through the report list until you get to the **What you owe** category, click **Unpaid Bills**

- The report is displayed for All Dates.
- Look at the information shown for Robertson & Associates. Notice that the Bill for $315.00 subtracts the Vendor Credit of $40.00 resulting in a total of $275.00.

Craig's Design and Landscaping Services
UNPAID BILLS
All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	PAST DUE	AMOUNT	OPEN BALANCE
Robertson & Associates						
(650) 557-1111						
12/29/2018	Bill		12/29/2018	26	315.00	315.00
01/20/2019	Vendor Credit	201		0	-40.00	-40.00
Total for Robertson & Associates					$275.00	$275.00

Do not close the Unpaid Bills report or the Test Drive Company, complete the next section

VOID AND DELETE BILLS—DRILL

As with invoices, bills may be voided or deleted. Voiding a bill must be done manually by entering an amount of 0.00 and Void for the Memo. The voided bill will remain in your records. QuickBooks Online has a command to delete a bill. Once a bill is deleted, it does not show as a transaction.

MEMO
DATE: January 21, 2019

In reviewing the Unpaid Bills report, you realize that the bill for Diego's Road Warrior Bodyshop should have been voided because we decided not to do the repairs on the truck. Void the bill.

The transaction with Norton Lumber and Building materials for $205 was cancelled. Delete the bill.

DRILL

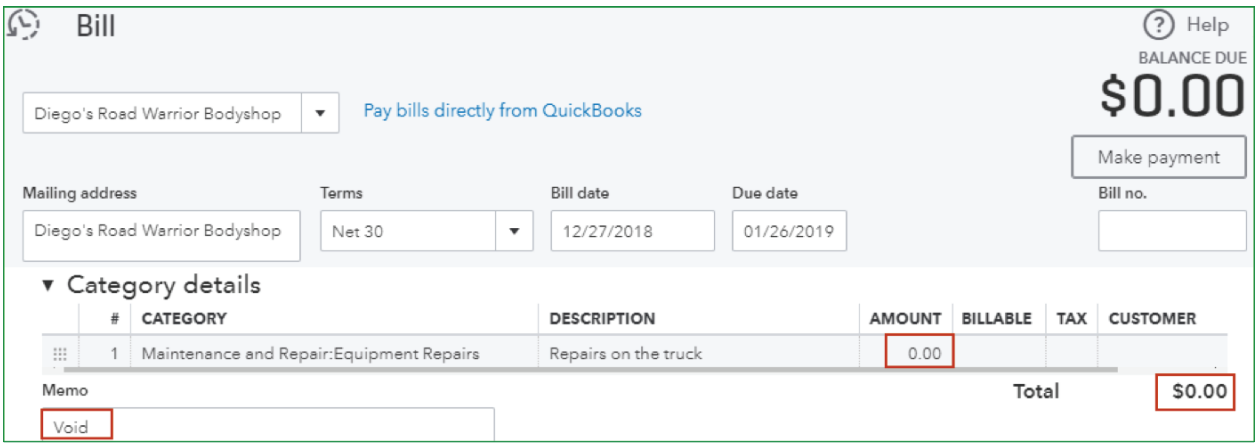
Continue to use the **Test Drive Company** and Void and Delete bills

Void Bill

Use the **Test Drive Company** and the Unpaid Bills report to access and then void a bill

Using the Unpaid Bills report, click the Bill for Diego's Road Warrior Bodyshop
- Since a bill does not have a Void command, you will void the bill manually.

With the bill open on the screen, enter **0.00** for the AMOUNT
Enter **Void** in the Memo text box
- Note: Because the Test Drive Company is programmed to automatically change dates, the Bill date will be different from the screenshot.
- Look at Bill no. It is blank. Not all bills have a bill number.



Click **Save and close** (Click the drop-down list arrow if necessary)
You are returned to the Unpaid Bills report
- Because vendors with 0.00 balances are not shown in the Unpaid Bills report, you will notice that the bill for Diego's Road Warrior Bodyshop is no longer shown in the report.

Delete Bill

Use the **Test Drive Company** and the Unpaid Bills report to access and then delete a bill

With the Unpaid Bills report on the screen, click the bill for Norton Lumber and Building Materials
Click the **More** button at the bottom of the bill for Norton Lumber and Building Materials
Click **Delete**
Click **Yes** on the message: The transaction you are editing is linked to others. Are you sure you want to delete it?
You are returned to the Unpaid Bills report
- The bill for Norton Lumber and Building Materials no longer shows.

To open the Vendors List, click **Expenses** on the Navigation bar, then click **Vendors**
Click **Diego's Road Warrior Bodyshop**

- The transaction still shows in the Register and has a total of 0.00.

Open the Register for **Norton Lumber and Building Materials**

- The deleted transaction for a bill for $205.00 does not show.

Do not close the Test Drive Company, continue with the next section

PAY BILLS—DRILL

When using QuickBooks Online, a transaction that is recorded on a Bill must be paid using the Pay Bills feature of the program. QuickBooks Online will write the check and match it to the bill. If you simply write a check, the bill payment and the bill are not matched, the expense account used for the check is increased, and the bill still shows in the Unpaid Bills report.

Using Pay Bills enables you to determine which bills to pay, the method of payment—check or credit card—and the payment account. When determining which bills to pay, QuickBooks Online displays the bills, with the oldest first, shows the Open Balance, allows you to apply a Credit, shows the Payment Amount, and the Total Amount. The total amount for bills paid is shown along with the current payment account balance.

MEMO
DATE: January 21, 2019

In reviewing the Unpaid Bills report, you marked the bills from PG&E and Robertson & Associates for payment. Pay the bills.

DRILL

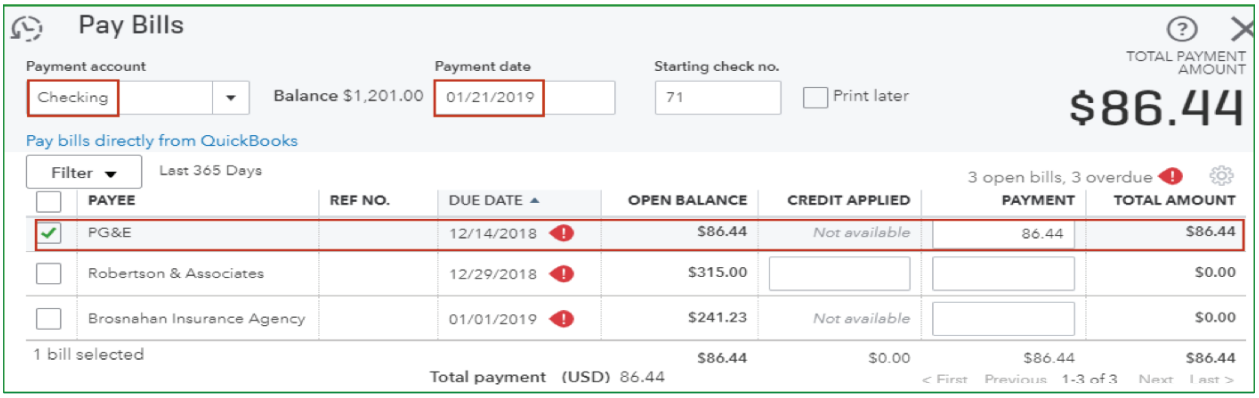
Continue to use the **Test Drive Company** and Pay Bills

Click the **Plus** icon on the Top-Navigation bar
Click **Pay Bills** in the Vendors column
On the Pay Bills screen, click the drop-down list arrow for Payment account
Click **Checking**
Enter the Payment Date: **01/21/19**

- Because of the programmed date change, transaction dates and the number of overdue bills may be different than shown.

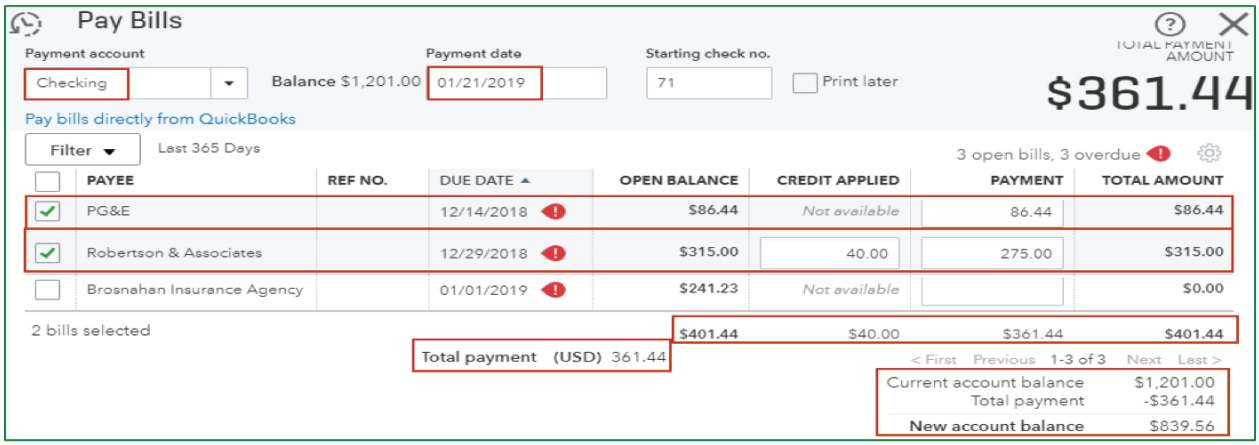
Click the check box to select the bill for **PG&E**

- Notice that the PAYMENT amount of 86.44 has been entered and shows as the total for the Open Balance, Payment, and Total Amount columns.
- The CREDIT APPLIED column shows *Not available*, which means that there is no vendor credit for this bill.



Click the check box for **Robertson & Associates**

- As soon as the transaction is marked, the $40.00 Credit is applied and the Payment of $275 is automatically calculated and entered by QuickBooks Online.
- Note the totals for the Open Balance, Credit Applied, Payment, and Total Amount columns.
- At the bottom of the Bill Payment screen, the Current account balance is shown for Checking, the amount of Total payment is subtracted, and the New account balance for Checking is calculated and entered by QuickBooks Online.



Click **Save and close** (or drop-down list arrow if necessary)
Close the Test Drive Company

ENTER VENDOR CREDIT—DO

A Vendor Credit is prepared to record a reduction to a transaction between your company and a vendor. With QuickBooks Online, you complete a Vendor Credit to record a credit memo received from a vendor acknowledging a change to an amount owed. The amount of the vendor credit is deducted from the amount owed.

MEMO
DATE: January 21, 2019

When we received the office supplies from Super Office, five reams of paper had water damage. We returned the paper and received Credit Memo 725 from Super Office for $21.55.

DO

Open **Your Name's Beach Barkers** and record the Vendor Credit from Super Office

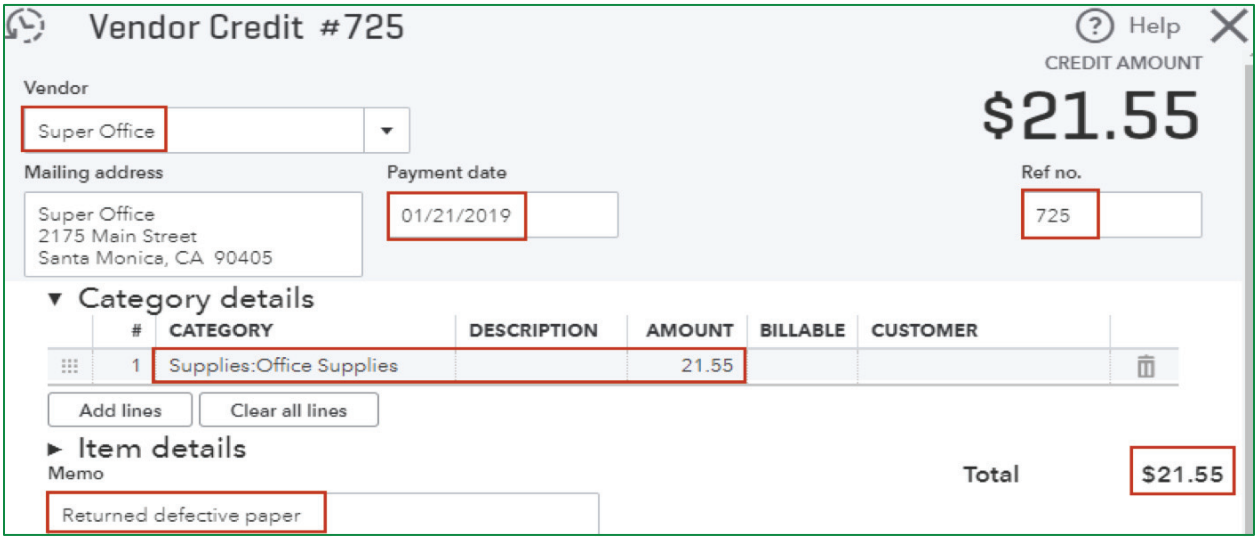
Open Your Name's Beach Barkers as previously instructed
Click the **Plus** icon on the Top-Navigation bar
In the Vendors column, click **Vendor Credit**
Complete the Vendor Credit to **Super Office**
Payment Date: **01/21/19**
Ref no.: **725**

- When the vendor changes an amount owed from a customer (Your Name's Beach Barkers), the vendor (Super Office) issues a credit memo to you. The number of the Super Office Credit Memo is entered as the Reference number for the Vendor Credit.

In Line 1, click in the column for CATEGORY
Scroll through the account list, select the Asset account **Supplies:Office Supplies**

- Because the office supplies were purchased to have on hand, they were originally entered into the asset account. The return of the paper reduces the amount of office supplies on hand so the asset account is used for the Vendor Credit.

Enter the amount of the adjustment: **21.55**
Click in the Memo text box and enter **Returned defective paper**



Click **Save and close** (click drop-down list arrow if necessary)
Do not close Your Name's Beach Barkers

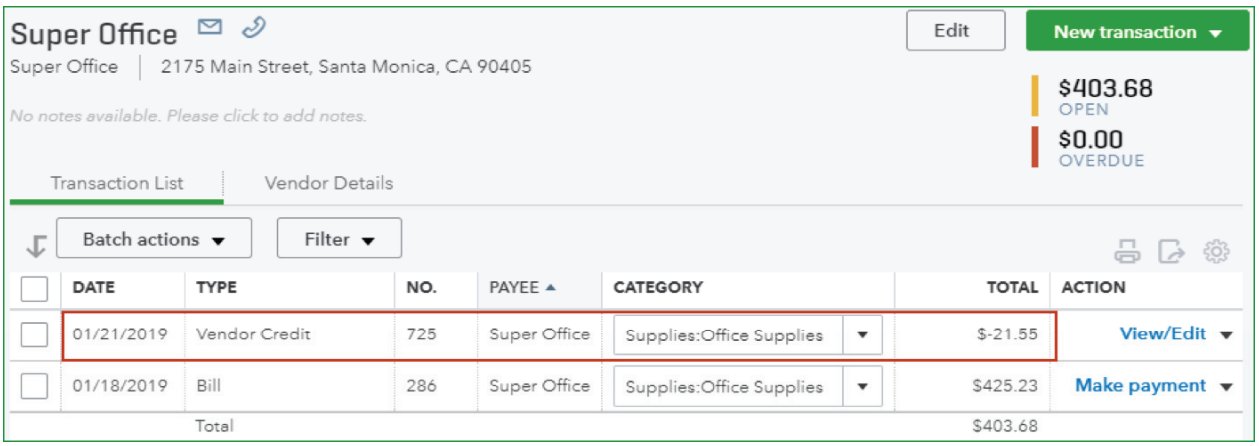
VIEW VENDOR REGISTER—DO

A Vendor Credit will be shown in the individual vendor's register. Open the Register for Super Office and view the Vendor Credit.

DO

Continue to use **Your Name's Beach Barkers** and view the Vendor Credit in the Vendor's Register

Open the Vendors List and the register for Super Office as previously instructed
You will see the Vendor Credit for 01/21/2019



- You will see the Vendor Credit along with the bill you entered earlier in the chapter.
- In the column for CATEGORY you will see the account used in the transaction.

Do not close Your Name's Beach Barkers

UNPAID BILLS REPORT—DO

As you learned in the drill, it is possible to get information regarding unpaid bills by simply preparing a report. QuickBooks Online prepares an Unpaid Bills report listing information for each unpaid bill.

DO

Continue to use **Your Name's Beach Barkers** and view the Unpaid Bills report

Access **Reports** as previously instructed, scroll to the **What you owe** category, click **Unpaid Bills**

- The report is displayed for All Dates.
- The number of days Past Due is calculated on the date of the computer so the numbers in your report will be different from the screenshot.
- As you look at the Past Due column in the screenshot, you will see some bills with a minus (–) in front of the number. That is the number of days until the bill is due. The number of days shown without a minus (–) indicate the number of days the bill is overdue. The Past Due number of days is based on the current date so the days shown will not match the text.
- Look at the information shown for Super Office. Notice that the Bill for $425.23 subtracts the Vendor Credit of $21.55 resulting in a total of $403.68.

Your Name's Beach Barkers
UNPAID BILLS
All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	PAST DUE	AMOUNT	OPEN BALANCE
Beach Advertising						
310-555-1879						
01/18/2019	Bill	2525	02/17/2019	-24	125.00	125.00
Total for Beach Advertising					**$125.00**	**$125.00**
Bow-Wow Supplies						
800-555-2951						
12/31/2018	Bill		12/31/2018	24	2,000.00	2,000.00
Total for Bow-Wow Supplies					**$2,000.00**	**$2,000.00**
Canine Supplies						
310-555-6971						
12/31/2018	Bill		12/31/2018	24	3,000.00	3,000.00
Total for Canine Supplies					**$3,000.00**	**$3,000.00**
Quality Insurance						
213-555-8175						
01/18/2019	Bill	4953	02/17/2019	-24	600.00	600.00
Total for Quality Insurance					**$600.00**	**$600.00**
Super Office						
(310) 555-3275						
01/18/2019	Bill	286	02/17/2019	-24	425.23	425.23
01/21/2019	Vendor Credit	725		0	-21.55	-21.55
Total for Super Office					**$403.68**	**$403.68**
Tech Savvy						
(310) 555-8816						
01/18/2019	Bill	230	02/17/2019	-24	275.00	275.00
Total for Tech Savvy					**$275.00**	**$275.00**
Training Supplies & Equipment						
310-555-2915						
12/31/2018	Bill		12/31/2018	24	300.00	300.00
Total for Training Supplies & Equipment					**$300.00**	**$300.00**
Vince's Auto Repair						
310-555-1873						
01/18/2019	Bill	762	02/17/2019	-24	342.45	342.45
Total for Vince's Auto Repair					**$342.45**	**$342.45**
TOTAL					**$7,046.13**	**$7,046.13**

Print, export, and/or email or submit the report as required by your professor

- For the Date and Time Prepared in the report footer, remove it or right-align it following the steps given previously.
- Name the report **2-Your Name Unpaid Bills Ch 4**

Do not close the Unpaid Bills report or Your Name's Beach Barkers

VOID AND DELETE BILLS—DO

As with invoices, bills may be voided or deleted. Since QBO does not have an automatic void for bills, you must manually void it by entering an amount of 0.00. It is important to include a Memo that says Void. , The voided bill will remain in your records. QuickBooks Online does have an automatic delete command for bills. Once a bill is deleted, it does not show as a transaction.

MEMO
DATE: January 21, 2019

In reviewing the Unpaid Bills report, you realize that the bill from Quality Insurance was sent in error. Void the bill.

After voiding the bill, you spoke with Quality Insurance and decided it would be better if the bill did not appear in the company records. Delete the bill.

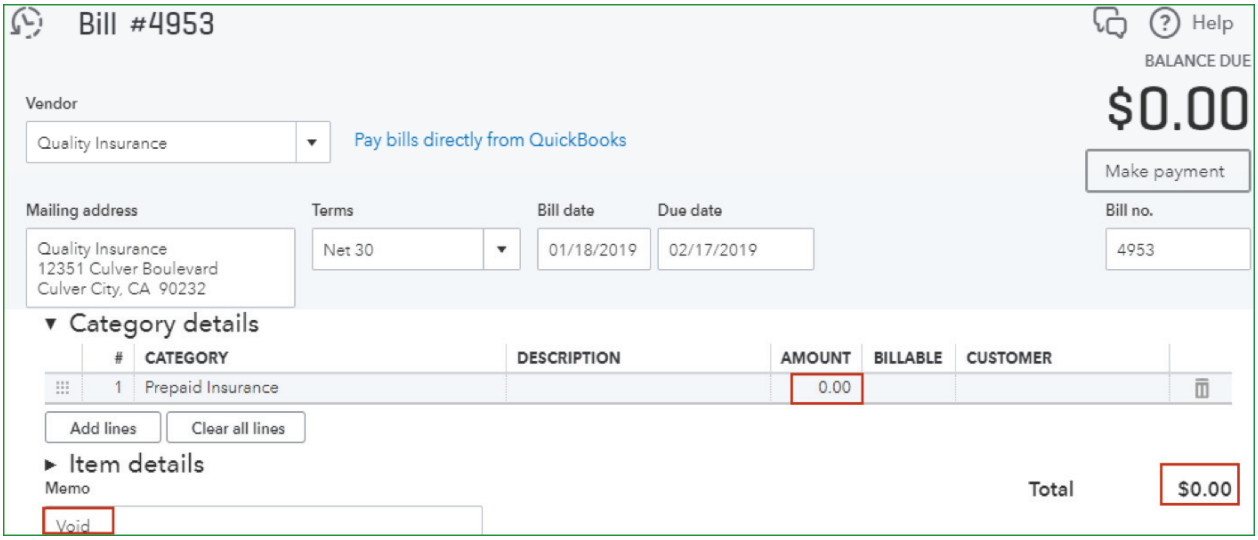
DO

Continue to use **Your Name's Beach Barkers** and Void and Delete bills

Void Bill

Use **Your Name's Beach Barkers** and the Unpaid Bills report to access and void a bill

Using the Unpaid Bills report, click the bill for Quality Insurance
With Bill 4953 open on the screen, enter **0.00** for the AMOUNT
Delete the Memo of Additional Insurance and enter **Void**



Click **Save and close**

- Since nothing is owed for the bill, notice that the bill for Quality Insurance is no longer shown in the Unpaid Bills report.

Delete Bill

Use **Your Name's Beach Barkers** and the Vendor Register to access and then delete a bill

Open the Vendor Register for Quality Insurance as previously instructed

- View the Bill in the Register. It shows a Total of $0.00.

Click the Bill to open it
Click the **More** button at the bottom of the bill for Quality Insurance
Click **Delete**
Click **Yes** on the message Are you sure you want to delete this?
You are returned to the Quality Insurance Account Register

- No transactions are shown.

Do not close Your Name's Beach Barkers

PAY BILLS—DO

As you explored in the drill, when using QuickBooks Online, a transaction that is recorded on a Bill must be paid using the Pay Bills feature of the program. If you simply write a check, the bill payment and bill are not matched, the expense account used for the check is increased, and the bill still shows in the Unpaid Bills report. In addition, using Pay Bills enables you to determine which bills to pay, the method of payment—check or credit card—and the payment account.

MEMO
DATE: January 21, 2019

When reviewing the Unpaid Bills report, you marked the bills from Super Office and Training Supplies & Equipment for payment in full. Pay a partial payment of $500 each to Bow-Wow Supplies and Canine Supplies. Pay the bills.

DO

Continue to use **Your Name's Beach Barkers** to pay bills

Click the **Plus** icon on the Top-Navigation bar
Click **Pay Bills** in the Vendors column
On the Pay Bills screen, the Payment account should be **Checking**

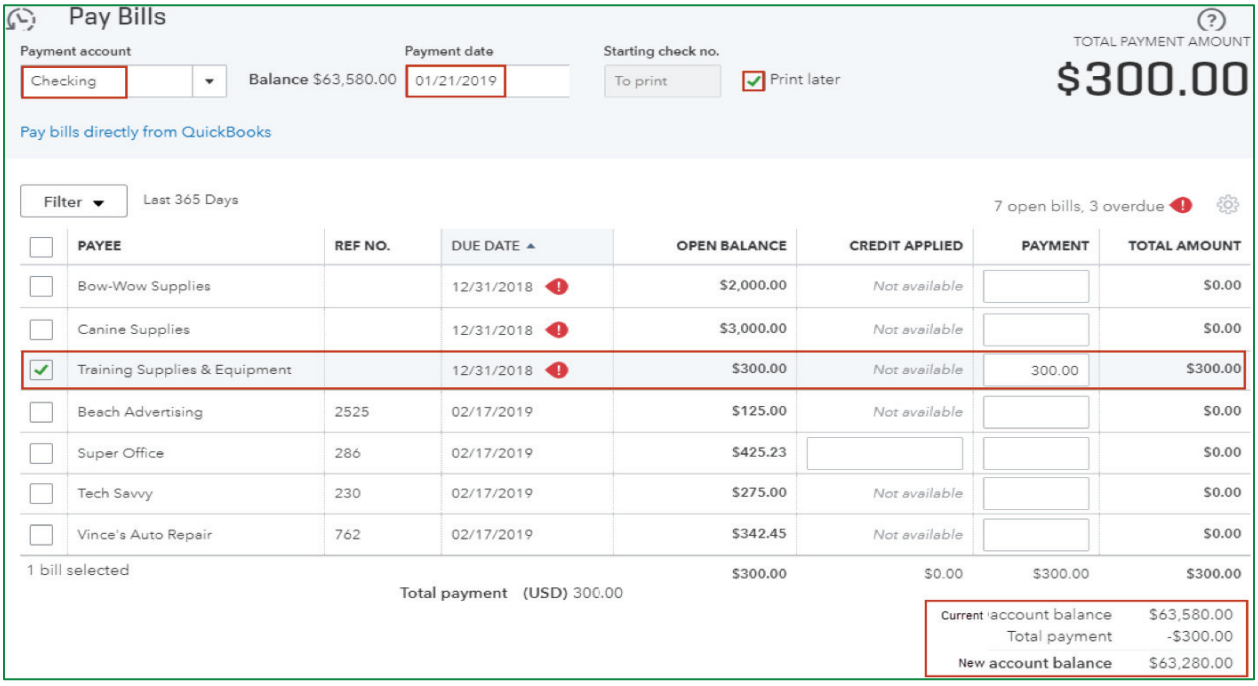
- If not, click the drop-down list arrow and select.

Enter the Payment Date of **01/21/19**

- If you do not see the bills, click the drop-down list arrow for **Filter**, scroll to the bottom of the Due Date list, and click **All Dates**.
- Notice the red flags on the bills due 12/31/2018. Those were opening balances that were entered when the company was created in Chapter 2.

Click the check box to select the bill for **Training Supplies & Equipment**

- Notice that the PAYMENT amount of 300.00 has been entered and shows as the total for the Open Balance, Payment, and Total Amount columns.
- The Credit Applied column shows *Not available*, which means that there is no vendor credit for this bill.
- Look at the Current account balance of $63,580.00 at the bottom of the Pay Bills screen. Beneath that the amount of the Total payment of $300.00 is subtracted to reach a new account balance of $63,280.00.

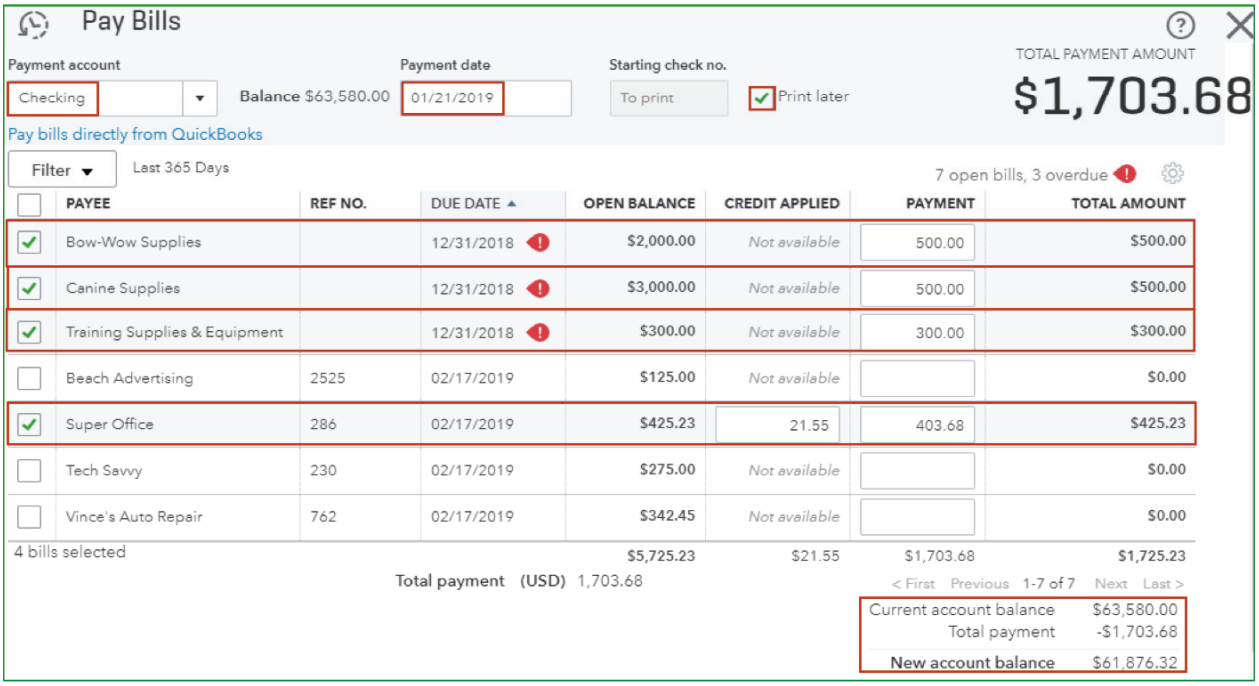

Pay Bills
Payment account
Checking
Balance $63,580.00
Payment date
01/21/2019
Starting check no.
To print
Print later
TOTAL PAYMENT AMOUNT
$300.00
Pay bills directly from QuickBooks
Filter
Last 365 Days
7 open bills, 3 overdue
PAYEE | REF NO. | DUE DATE | OPEN BALANCE | CREDIT APPLIED | PAYMENT | TOTAL AMOUNT
Bow-Wow Supplies | | 12/31/2018 | $2,000.00 | Not available | | $0.00
Canine Supplies | | 12/31/2018 | $3,000.00 | Not available | | $0.00
Training Supplies & Equipment | | 12/31/2018 | $300.00 | Not available | 300.00 | $300.00
Beach Advertising | 2525 | 02/17/2019 | $125.00 | Not available | | $0.00
Super Office | 286 | 02/17/2019 | $425.23 | | | $0.00
Tech Savvy | 230 | 02/17/2019 | $275.00 | Not available | | $0.00
Vince's Auto Repair | 762 | 02/17/2019 | $342.45 | Not available | | $0.00
1 bill selected
$300.00 $0.00 $300.00 $300.00
Total payment (USD) 300.00
Current account balance $63,580.00
Total payment -$300.00
New account balance $63,280.00

Click the check box for **Super Office**

- As soon as the transaction is marked, the $21.55 Credit is applied and the Payment of $403.68 is automatically calculated and entered by QuickBooks Online.

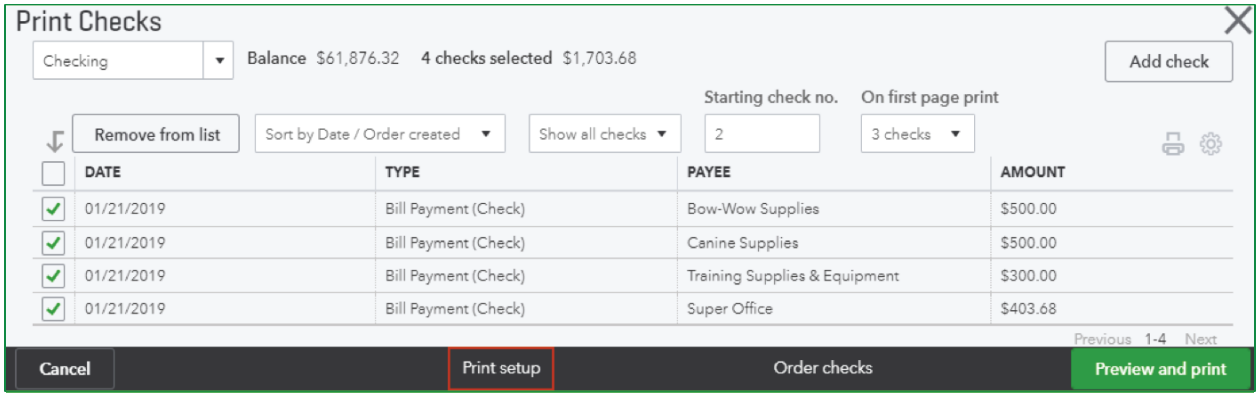
Click **Bow-Wow Supplies** to mark, click in the PAYMENT text box
Delete the Payment Amount of $2,000.00 and enter **500**, press **Tab**
Repeat the steps for the partial payment of $500 to Canine Supplies

- Note the totals for the Open Balance, Credit Applied, Payment, and Total Amount columns.
- Look at the Current account balance of $63,580.00 at the bottom of the Pay Bills screen. Beneath that the amount of the Total payment of $1,703.68 is subtracted to reach a New account balance for the Checking account of $61,876.32.


Pay Bills
Payment account
Checking
Balance $63,580.00
Payment date
01/21/2019
Starting check no.
To print
Print later
TOTAL PAYMENT AMOUNT
$1,703.68
Pay bills directly from QuickBooks
Filter
Last 365 Days
7 open bills, 3 overdue
PAYEE | REF NO. | DUE DATE | OPEN BALANCE | CREDIT APPLIED | PAYMENT | TOTAL AMOUNT
Bow-Wow Supplies | 12/31/2018 | $2,000.00 | Not available | 500.00 | $500.00
Canine Supplies | 12/31/2018 | $3,000.00 | Not available | 500.00 | $500.00
Training Supplies & Equipment | 12/31/2018 | $300.00 | Not available | 300.00 | $300.00
Beach Advertising | 2525 | 02/17/2019 | $125.00 | Not available | $0.00
Super Office | 286 | 02/17/2019 | $425.23 | 21.55 | 403.68 | $425.23
Tech Savvy | 230 | 02/17/2019 | $275.00 | Not available | $0.00
Vince's Auto Repair | 762 | 02/17/2019 | $342.45 | Not available | $0.00
4 bills selected
$5,725.23 $21.55 $1,703.68 $1,725.23
Total payment (USD) 1,703.68
< First Previous 1-7 of 7 Next Last >
Current account balance $63,580.00
Total payment -$1,703.68
New account balance $61,876.32

Click **Save and print**

- You will see the list of the 4 checks selected.
- Notice that the Starting check no. is 2. Remember, you wrote the refund check to Gloria Gucci in Chapter 2.

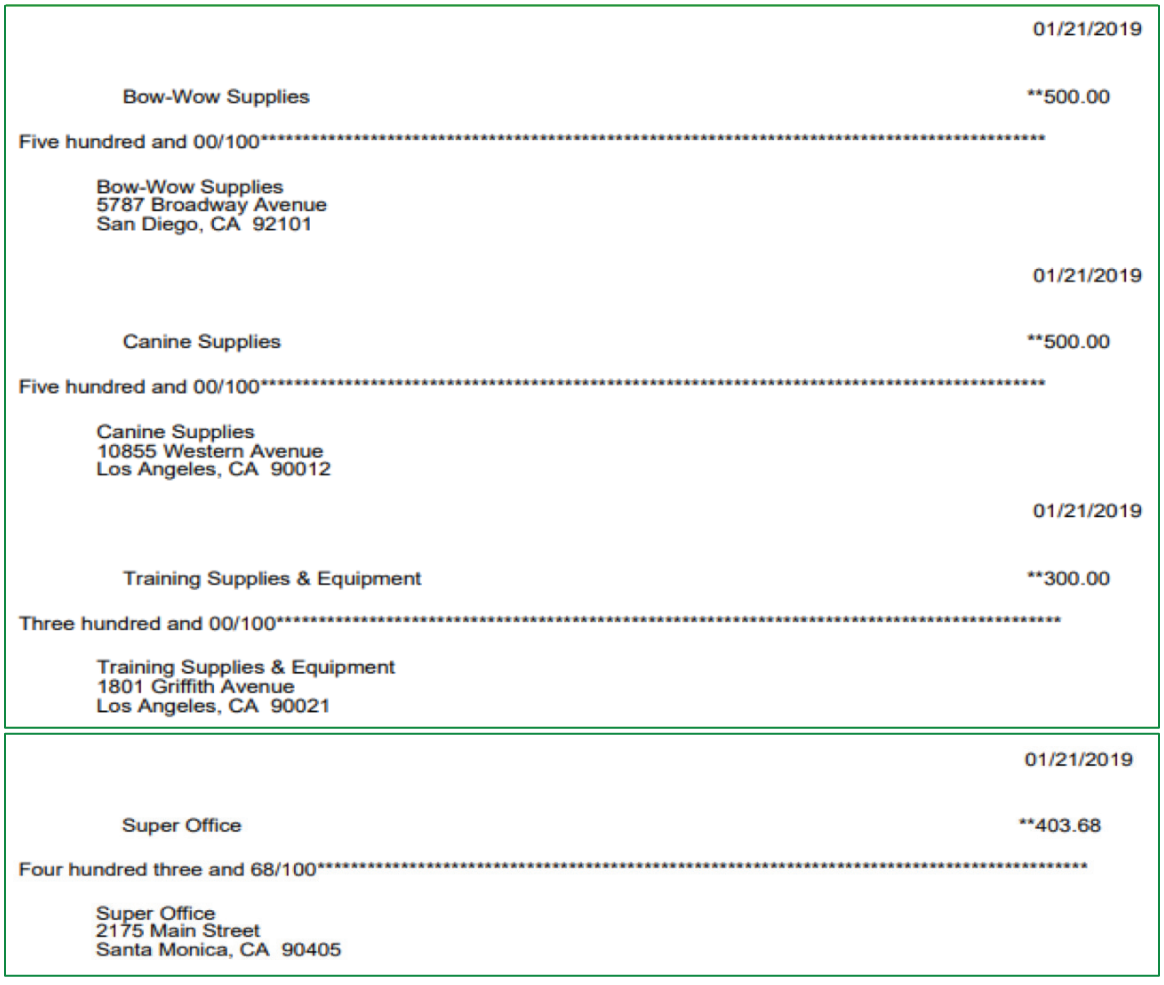

Print Checks
Checking
Balance $61,876.32
4 checks selected $1,703.68
Add check
Starting check no.
On first page print
Remove from list
Sort by Date / Order created
Show all checks
2
3 checks
DATE | TYPE | PAYEE | AMOUNT
01/21/2019 | Bill Payment (Check) | Bow-Wow Supplies | $500.00
01/21/2019 | Bill Payment (Check) | Canine Supplies | $500.00
01/21/2019 | Bill Payment (Check) | Training Supplies & Equipment | $300.00
01/21/2019 | Bill Payment (Check) | Super Office | $403.68
Previous 1-4 Next
Cancel
Print setup
Order checks
Preview and print

Click **Print setup** at the bottom of the screen
Click **Standard** as the type of check
Click **Yes, I'm finished with setup**

4

Click **Preview and print**

- The four checks will appear in the preview. Note that three checks will print on one page and the fourth check will print on the next page.
- If your checks are in a different order, that is not a problem.



01/21/2019

Bow-Wow Supplies **500.00

Five hundred and 00/100**********

Bow-Wow Supplies
5787 Broadway Avenue
San Diego, CA 92101

01/21/2019

Canine Supplies **500.00

Five hundred and 00/100**********

Canine Supplies
10855 Western Avenue
Los Angeles, CA 90012

01/21/2019

Training Supplies & Equipment **300.00

Three hundred and 00/100**********

Training Supplies & Equipment
1801 Griffith Avenue
Los Angeles, CA 90021

01/21/2019

Super Office **403.68

Four hundred three and 68/100**********

Super Office
2175 Main Street
Santa Monica, CA 90405

Click **Print**, after the checks have printed, click the **Close** button at the top of Print Preview
If the checks printed correctly, make sure **Yes, they all printed correctly** is selected

- On the screen for Did your checks print OK? there are selections for: Yes, they all printed correctly, Some checks need reprinting, starting with check: 2 (2 is shown but the number may be changed), or No, keep all checks in the Print Checks list.

If your checks printed correctly, click **Done**

- If not, make the appropriate selection and reprint.
- If you print to a PDF file so you can email the checks to your instructor, use the name **3-Your Name Cks 2-5 Ch 4**

Click the **Close** button at the top of Print Checks
Do not close Your Name's Beach Barkers

EDIT BILLS USING VENDOR REGISTER—DO

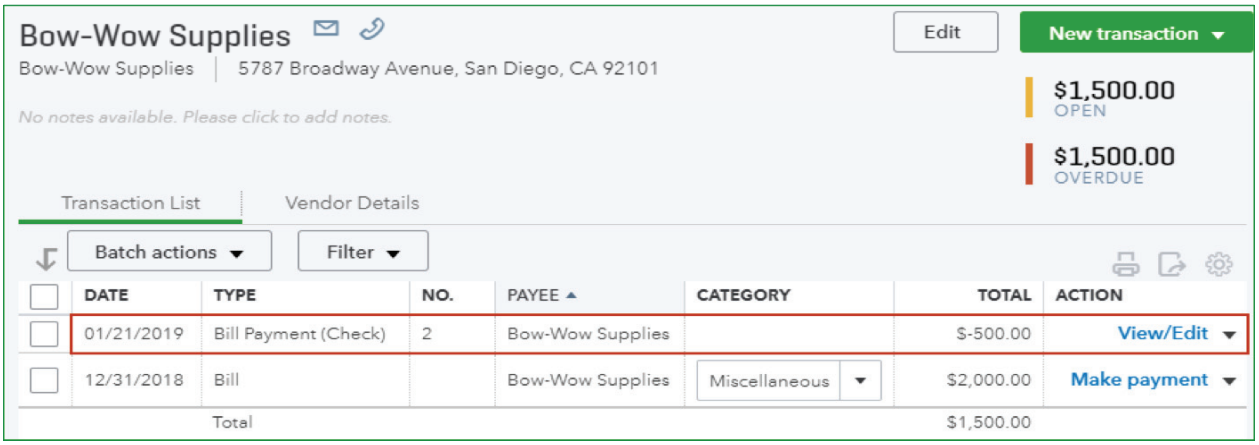
Once you have paid a bill, the bill payment shows in the Vendor's Register. In the Register, the TYPE will be Bill Payment (Check).

DO

Continue to use **Your Name's Beach Barkers** to view bill payments in the Vendor Register

Open the Vendor Register for **Bow-Wow Supplies** as previously instructed

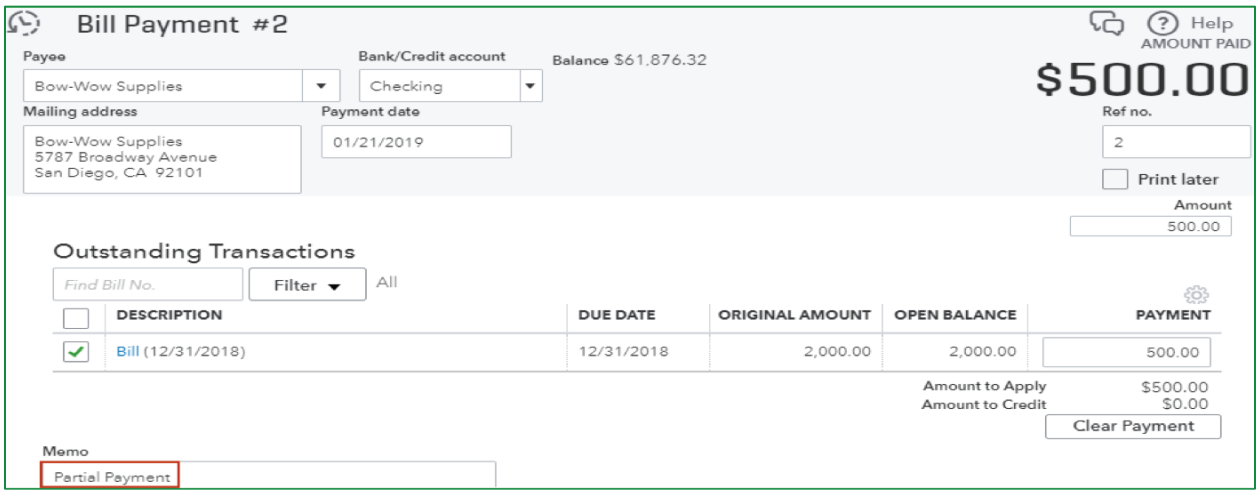
- You will see two transactions in the Register for Bow-Wow Supplies. A Bill for $2,000.00, which was entered as the Opening Balance when the company was created in Chapter 2. The other transaction is for Bill Payment (Check) for $500.00, which is the amount of payment made. Remember, your check number may be not be 2.


Bow-Wow Supplies
Bow-Wow Supplies | 5787 Broadway Avenue, San Diego, CA 92101
No notes available. Please click to add notes.
Edit
New transaction
$1,500.00 OPEN
$1,500.00 OVERDUE
Transaction List
Vendor Details
Batch actions
Filter
DATE TYPE NO. PAYEE CATEGORY TOTAL ACTION
01/21/2019 Bill Payment (Check) 2 Bow-Wow Supplies $-500.00 View/Edit
12/31/2018 Bill Bow-Wow Supplies Miscellaneous $2,000.00 Make payment
Total $1,500.00

Click the **Bill Payment (Check)** to open the transaction

- You will see Bill Payment #2 for the bill payment.
- The bill payment number matches the check number. Note Ref no. 2. If the check/reference number is between 2 and 5, there is no problem.
- Note the Vendor Name, Bow-Wow Supplies, the account used, Checking, and the Balance for Checking. In the Outstanding Transactions, the bill for which partial payment was made is shown.
- Since this is a partial payment, it is good to note that in the Memo.

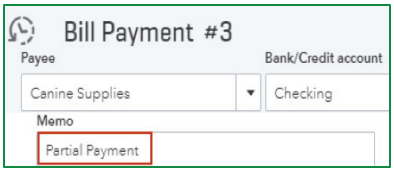
Click in the Memo text box, enter **Partial Payment**



Click **Save and close** (or click the drop-down list arrow if necessary)

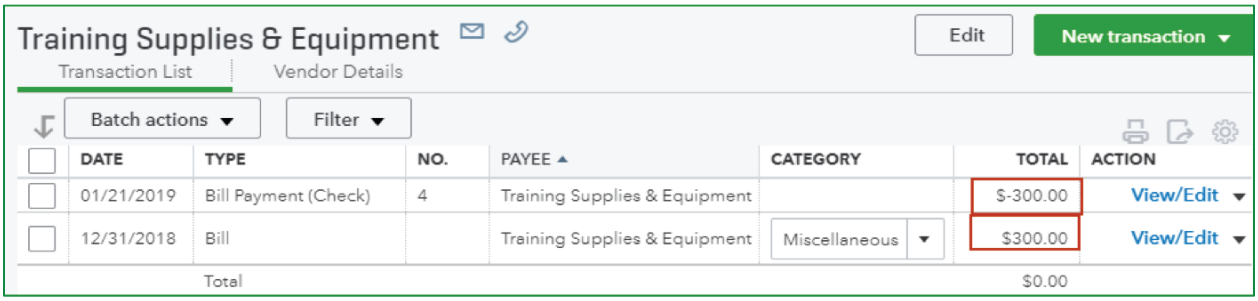
Click **Yes** on the message: The transaction you are editing is linked to others. Are you sure you want to modify it?

Repeat the steps to insert a Memo of **Partial Payment** for **Canine Supplies**



Review the Bill Payments for Training Supplies & Equipment

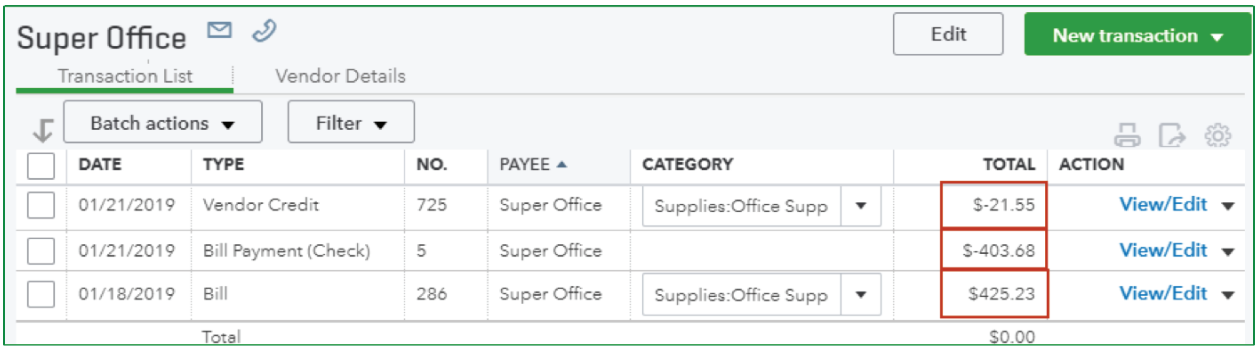
- Note that the Total for both the Bill and the Bill Payment match.



Close the Register for Training Supplies & Equipment

Open the Register for Super Office

- You will see three transactions: Bill, Vendor Credit, and Bill Payment. The totals of the Bill Payment and the Vendor Credit equal the total amount of the original Bill.


Super Office
Edit
New transaction
Transaction List
Vendor Details
Batch actions
Filter
DATE TYPE NO. PAYEE CATEGORY TOTAL ACTION
01/21/2019 Vendor Credit 725 Super Office Supplies:Office Supp $-21.55 View/Edit
01/21/2019 Bill Payment (Check) 5 Super Office $-403.68 View/Edit
01/18/2019 Bill 286 Super Office Supplies:Office Supp $425.23 View/Edit
Total $0.00

Do not close Your Name's Beach Barkers

BILL PAYMENT LIST—DO

When a bill is paid, it will be included in the Bill Payment List in the Manage Accounts Payable Reports category. This report shows all of the bills paid during a specified date range and indicates the account used for payment, the date of the payment, the check number, the vendor, the amount of each check, and the total amount of all checks written to pay bills.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Bill Payment List report

Open **Reports** as previously instructed

In the What you owe category, click **Bill Payment List**

The report dates are From: **01/01/19** To: **01/21/19**, click **Run Report**

Your Name's Beach Barkers
BILL PAYMENT LIST
January 1-21, 2019

DATE	NUM	VENDOR	AMOUNT
▾ Checking			
01/21/2019	2	Bow-Wow Supplies	-500.00
01/21/2019	3	Canine Supplies	-500.00
01/21/2019	4	Training Supplies & Equipment	-300.00
01/21/2019	5	Super Office	-403.68
Total for Checking			$ -1,703.68

- Check with your instructor to see if you should right align or remove the Date and Time Prepared from the report footer. If so, follow the steps given previously.

Print, export, and/or email or submit the report as required by your professor

- Name the report **4-Your Name Bill Pmt List Ch 4**

Close the Bill Payment List and Your Name's Beach Barkers

WRITE CHECKS TO PAY BILLS—DRILL

Although it is more efficient to record and pay bills using Bills and Pay Bills, QuickBooks Online also allows a check to be written to pay for routine payments such as utilities. (Remember, if you record a bill in Bills, you must use Pay Bills to write the bill payment check.) When you write a check, it is not entered as a bill and the expense for which the check is being written is included in the CATEGORY text box.

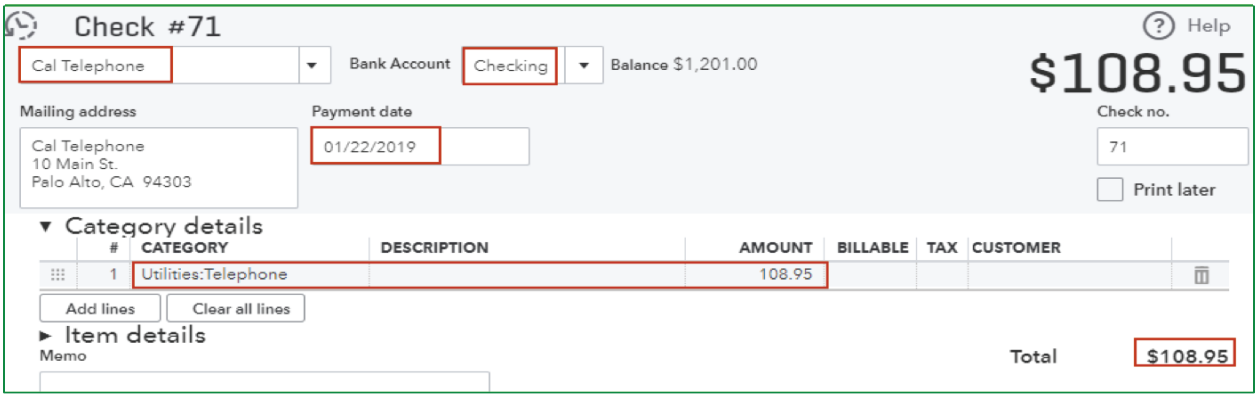
MEMO
DATE: January 22, 2019

Write Check 71 to pay the $108.95 telephone bill to Cal Telephone.
Write Check 72 to pay the gas and electric bill to PG&E for $79.50.

DRILL

Open the **Test Drive Company** and write the checks indicated in the Memo

Once the Test Drive Company is open, click the **Plus** icon
Click **Check** in the Vendors column
Click the drop-down list arrow for Choose a payee, click **Cal Telephone**
Use **Checking** as the account
Enter the Payment date **01/22/19**
Click in the CATEGORY column for Line 1, click the drop-down list arrow
Scroll through the list of accounts, click **Telephone**, a subaccount of Utilities
Tab to AMOUNT and enter **108.95**, press **Tab**

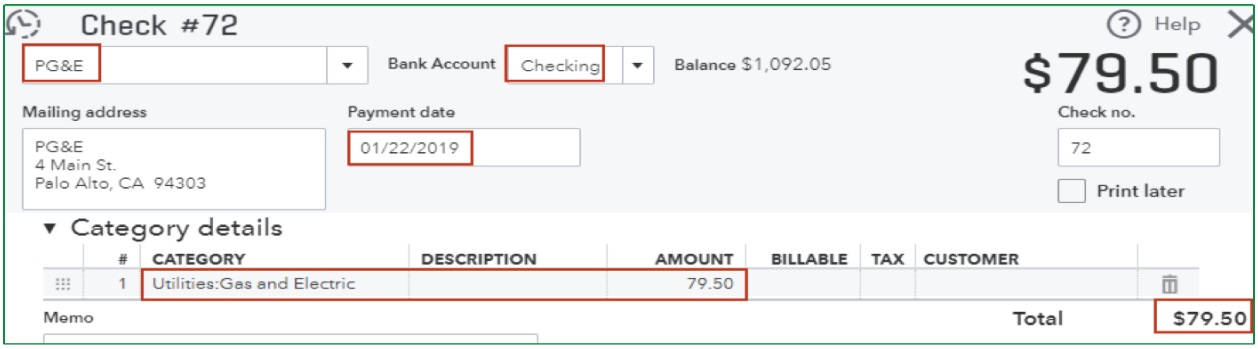


Click **Save and new**

Prepare Check 72 to PG&E using the information provided in the Memo

- You will get information for a previous bill to be added to the check. Do not add this Bill to the check. Close the message by clicking the **>** next to Add to Check.

- Because the Item details section is for recording inventory transactions, the screen shots will no longer include this section.

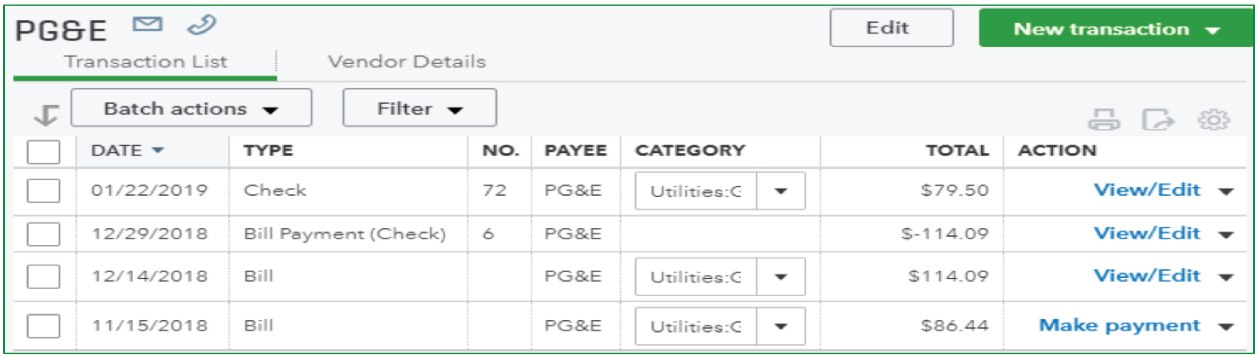


Click **Save and close** (click the drop-down list arrow if necessary)

- If you get a blank screen for Check 73, click the Close button.

Open the Vendor Register for PG&E

- You will see Check 72 shown for $79.50. The TYPE shows Check. There are no bills that correspond to that amount. Also notice that there is a Bill shown for $114.09 and a Bill Payment (Check) for the same amount.



Do not close the Test Drive Company

EDIT CHECKS—DRILL

Mistakes can occur in business—even on a check. QuickBooks allows for checks to be edited at any time.

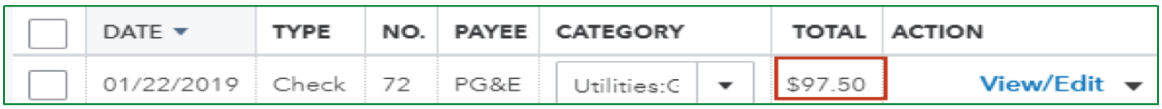
MEMO
DATE: January 22, 2019

When reviewing Check 72 to PG&E, you realize the amount should have been $97.50. Edit the check.

DRILL

Continue to use the **Test Drive Company** and edit the check to PG&E

In the Vendor Register for PG&E, click **Check 72** to open it
Click in the AMOUNT text box, delete the **79.50**, and enter **97.50**
Click **Save and close** (click the drop-down list arrow if necessary)
View the corrected check in the Register



Close the Test Drive Company

WRITE CHECKS TO PAY BILLS—DO

As you practiced earlier in the chapter, it is more efficient to record and pay bills using Bills and Pay Bills. However, QuickBooks Online also allows a check to be written to pay for routine payments such as utilities.

MEMO
DATE: January 22, 2019

Write a check to pay the $175.95 monthly water bill to Marina Water District. (Add the new Expense account Water) Check Memo: Monthly Water.
Write a check to Southern California Gas Company to pay the monthly gas bill of $145.50. (Add the new Expense account: Gas-Heating) Check Memo: Monthly Gas-Heating.
Write a check to CA Electric Co. (2945 Venice Boulevard, Venice, CA 90291, Email: CAElectric@power.com, Phone: 800-555-7223, Terms: Net 30) for $89.75 for the monthly electric bill. (Add the new Expense account: Electric) Check Memo: Monthly Electricity.
Record the bill to CA Electric Co. a second time. Everything should be identical.

DO

Open **Your Name's Beach Barkers** and write the checks indicated in the Memo

Once Your Name's Beach Barkers is open, click the **Plus** icon
Click **Check** in the Vendors column
Payee: **Marina Water District**
Use **Checking** as the account
Enter the Payment date **01/22/19**
Print later should have a check mark; if it does not, click it to mark

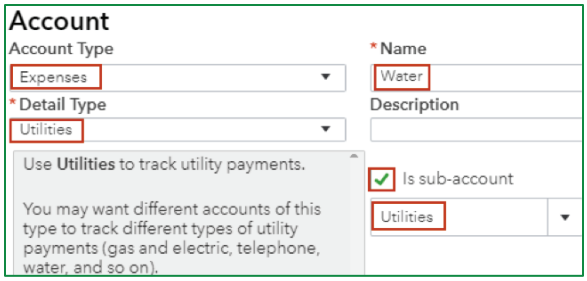
- We will print the checks as a batch (group) later.

Click in the CATEGORY column for Line 1, click the drop-down list arrow
Scroll through the list of accounts
There is not an account for Water, so click **+Add new**

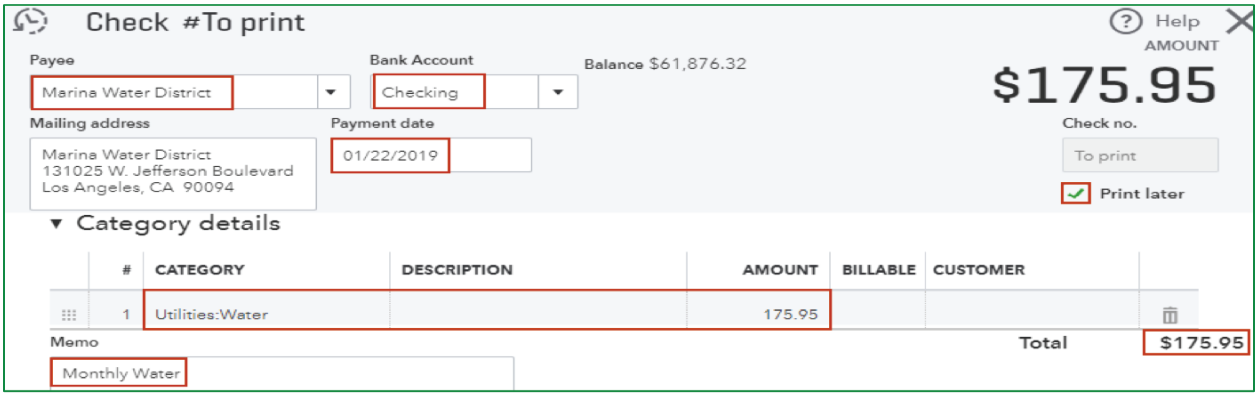
Category Type: **Expenses**
Detail Type: **Utilities**
Name: **Water**
Subaccount of: **Utilities**

- Hint: Since Utilities is close to the bottom of the account list, it may be faster to type it in the text box.

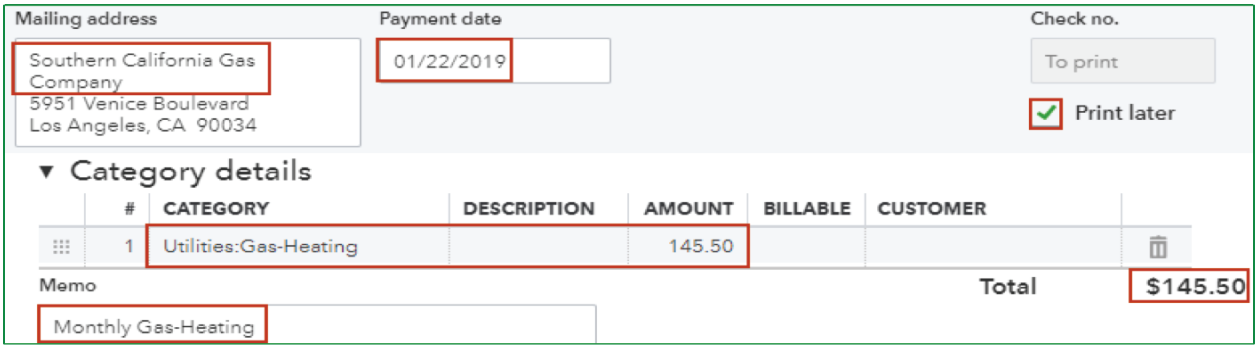
Click **Save and Close** (click the drop-down list arrow if necessary)



Tab to AMOUNT and enter **175.95**, press **Tab**
Even though the transaction is self-explanatory enter the Memo: **Monthly Water**

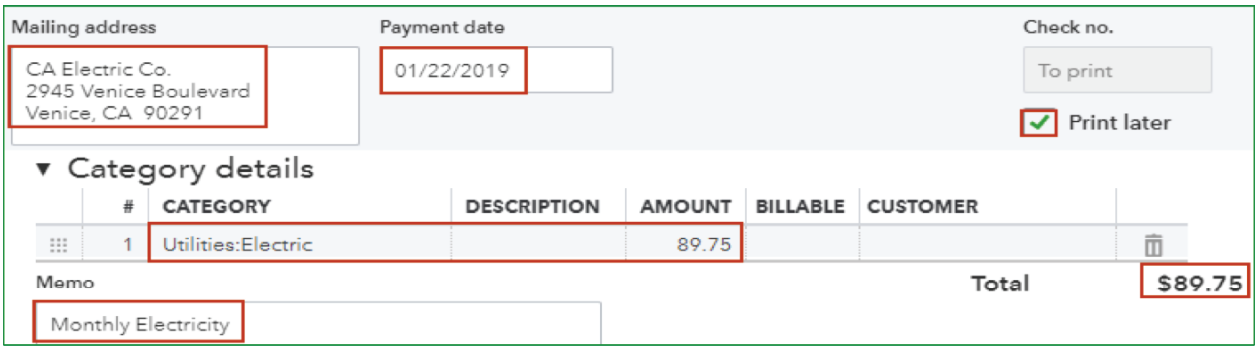


Click **Save and new**
Prepare a check to Southern California Gas Company using the information provided in the Memo
Create a new Expense account: Name: **Gas-Heating**, Detail Type: **Utilities**, Subaccount of **Utilities** as you enter the bill



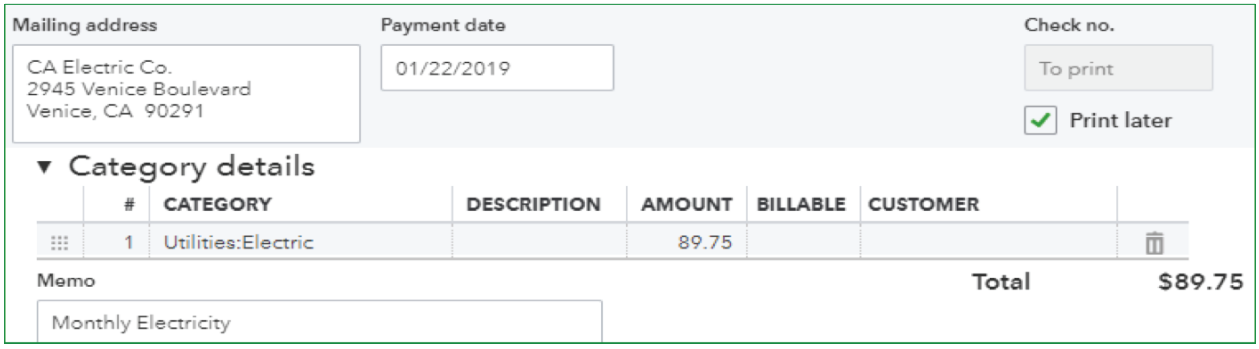
Click **Save and new**
Write a check to the new vendor, CA Electric Co., following the steps presented earlier

- Did you add a new vendor and a new account? Is your new account a subaccount?



Click **Save and new**
Enter the Check to **CA Electric Co.** a second time

- When a vendor has a bill that has been recorded, frequently, the information on the previous bill will be inserted when preparing a new bill for the vendor. If that is the information you want, you do not have to make any changes to the bill.
- Notice that the check is an exact duplicate of the previous one.



Duplicate Check

Click **Save and close** and continue to the next section
Do not close Your Name's Beach Barkers

VOID AND DELETE CHECKS—DO

QuickBooks Online allows checks to be voided and deleted. As with other business forms, voiding a check changes the amount of the check to zero but keeps a record of the transaction. While deleting a check removes it from all transactions. Unlike bills, checks have an option for Void.

MEMO
DATE: January 22, 2019

Void the duplicate check to CA Electric Co.
You changed your mind about keeping the voided check in the company records. Delete the voided check to CA Electric Co.

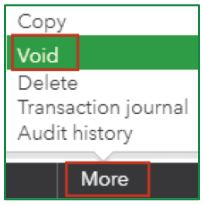
DO

Continue to use **Your Name's Beach Barkers** to void and delete checks

Void Check

Void the duplicate check to CA Electric Co.

Access the duplicate check in the CA Electric Co. Vendor Register
Click on the top **Check** to open it
With the check to CA Electric Co. showing on the screen, click the **More** button at the bottom of the check
Click **Void**
Click **Yes** on the message: Are you sure you want to void this?
Click **OK** on the message: Transaction successfully voided



- The check appears in the Vendor Register and has 0.00 for the total.

DATE	TYPE	NO.	PAYEE	CATEGORY	TOTAL	ACTION
01/22/2019	Check		CA Electric Co.	Utilities:Electric	$0.00	View/Edit
01/22/2019	Check		CA Electric Co.	Utilities:Electric	$89.75	Print check

Delete Check

Delete the voided check to CA Electric Co.

After thinking about keeping the voided check to CA Electric Co., you decided to delete it
Click the Check for 0.00 in the Vendor Register for CA Electric Co. to open it
Click the **More** button at the bottom of the check
Click **Delete**
Click **Yes** on the message: Are you sure you want to delete this?

- The deleted check no longer appears in the Vendor Register. Only one check for $89.75 is shown.

Do not close Your Name's Beach Barkers

EDIT CHECKS—DO

Mistakes can occur in business—even on a check. QuickBooks allows for checks to be edited at any time.

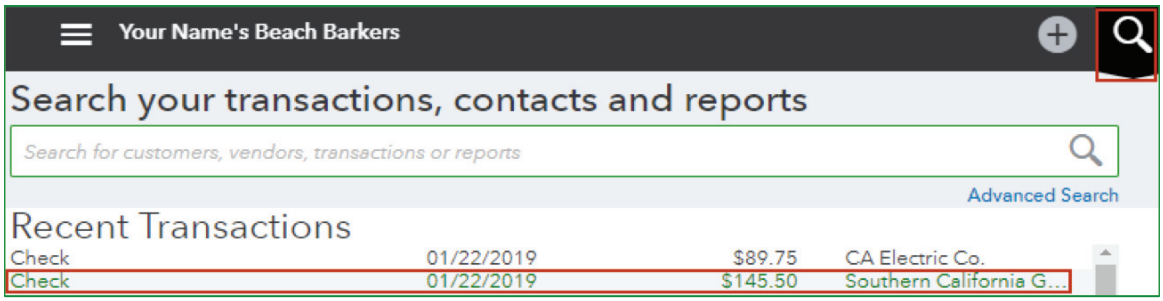
MEMO
DATE: January 22, 2019

When reviewing the check to Southern California Gas Company to pay the monthly gas bill, you realized that the amount of the check should be $189.50.

DO

Continue to use Your Name's Beach Barkers and edit the check to Southern California Gas Company

Click the **Search** icon on the Top-Navigation bar
In the list of Recent Transactions, click anywhere in the line for **Check** for **Southern California Gas Company** to open it


Your Name's Beach Barkers
Search your transactions, contacts and reports
Search for customers, vendors, transactions or reports
Advanced Search
Recent Transactions
Check 01/22/2019 $89.75 CA Electric Co.
Check 01/22/2019 $145.50 Southern California G...

Change the AMOUNT to **189.50** following steps previously presented
Click **Save and close**
Go to the Vendor Register for Southern California Gas Company
Verify the Total for the Check

Do not close Your Name's Beach Barkers

VIEW AUDIT HISTORY—DO

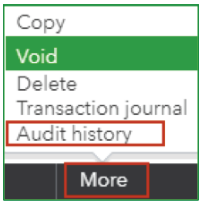
Because QuickBooks is so flexible, a company must institute a system for cash control. For example, if the check for $145.50 to Southern California Gas Company had been printed, QuickBooks Online would allow a second check for $189.50 to be printed. In order to avoid any impropriety, more than one person should be designated to review checks. As a matter of practice in a small business, the owner or a person other than the one writing checks should sign them. Pre-numbered checks should be used, and any checks printed but not mailed should be submitted along with those for signature.

As a further safeguard, QuickBooks automatically tracks all the additions, deletions, and modifications made to transactions in in the Audit History for the transaction.

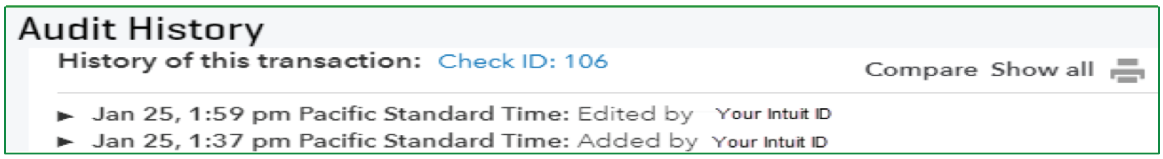
DO

Continue to use **Your Name's Beach Barkers** and view the Audit History for the check to Southern California Gas Company

Click the Check for **Southern California Gas Company** in the Vendor Register for Southern California Gas Company
Click the **More** button at the bottom of the check
Click **Audit History**

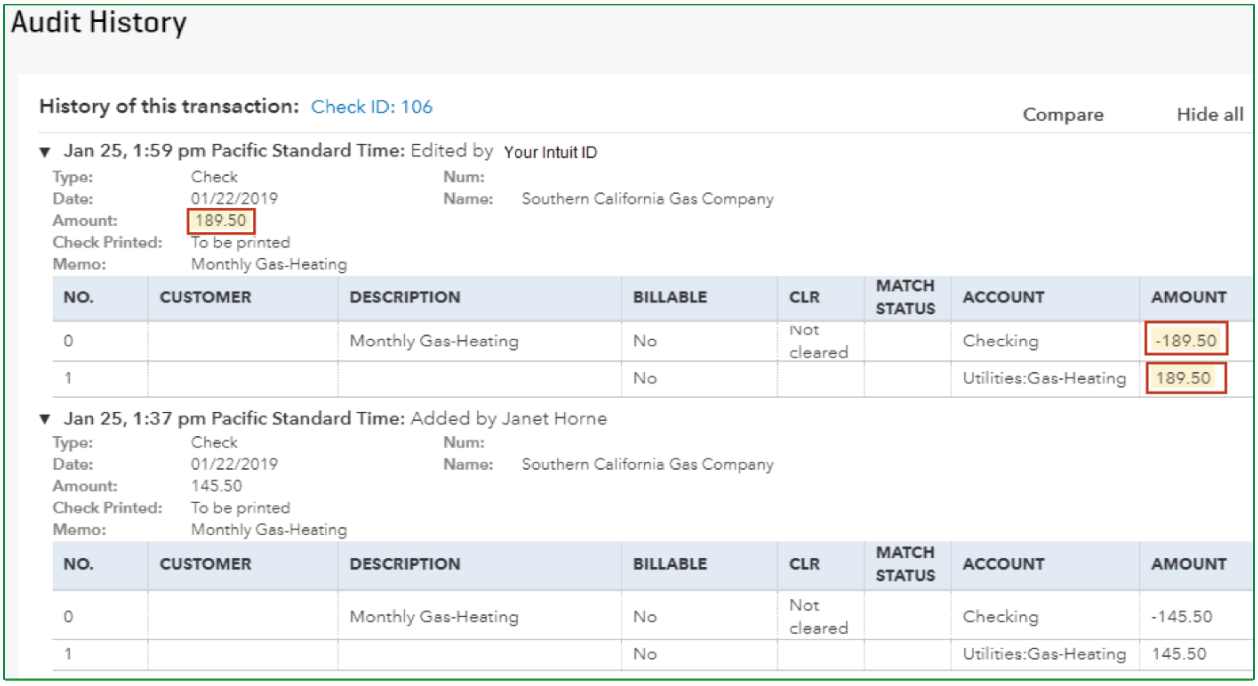


- You will see the collapsed transaction information that includes current date, time, and person editing the transaction.


Audit History
History of this transaction: Check ID: 106
Compare Show all
Jan 25, 1:59 pm Pacific Standard Time: Edited by Your Intuit ID
Jan 25, 1:37 pm Pacific Standard Time: Added by Your Intuit ID

To expand the history to see the details, click the **Show all** button

- The expanded history shows the transaction dates, amounts, and other check information.
- Notice that the new amount entered is highlighted.


Audit History
History of this transaction: Check ID: 106
Compare Hide all
Jan 25, 1:59 pm Pacific Standard Time: Edited by Your Intuit ID
Type: Check
Date: 01/22/2019
Amount: 189.50
Check Printed: To be printed
Memo: Monthly Gas-Heating
Num:
Name: Southern California Gas Company
NO. CUSTOMER DESCRIPTION BILLABLE CLR MATCH STATUS ACCOUNT AMOUNT
0 Monthly Gas-Heating No Not cleared Checking -189.50
1 No Utilities:Gas-Heating 189.50
Jan 25, 1:37 pm Pacific Standard Time: Added by Janet Horne
Type: Check
Date: 01/22/2019
Amount: 145.50
Check Printed: To be printed
Memo: Monthly Gas-Heating
Num:
Name: Southern California Gas Company
NO. CUSTOMER DESCRIPTION BILLABLE CLR MATCH STATUS ACCOUNT AMOUNT
0 Monthly Gas-Heating No Not cleared Checking -145.50
1 No Utilities:Gas-Heating 145.50

Click the **Compare** button to have each part of the transaction compared
After you look at the comparison of each line, click **Show changes only**

- You will see both the original amount and the changed amount. The changed amount is highlighted.

Compare view
FIELD JAN 25, 1:37 PM PACIFIC STANDARD TIME: ADDED... JAN 25, 1:59 PM PACIFIC STANDARD TIME: EDITED...
AMOUNT: 145.50 189.50
Line NO. 0
AMOUNT -145.50 -189.50
Line NO. 1
AMOUNT 145.50 189.50

Do not close Your Name's Beach Barkers

PRINT CHECKS—DO

QuickBooks Online allows you to print checks as they are entered or they may be printed at a later time. To write a batch (group) of checks and then print them all at the same time, the check box for

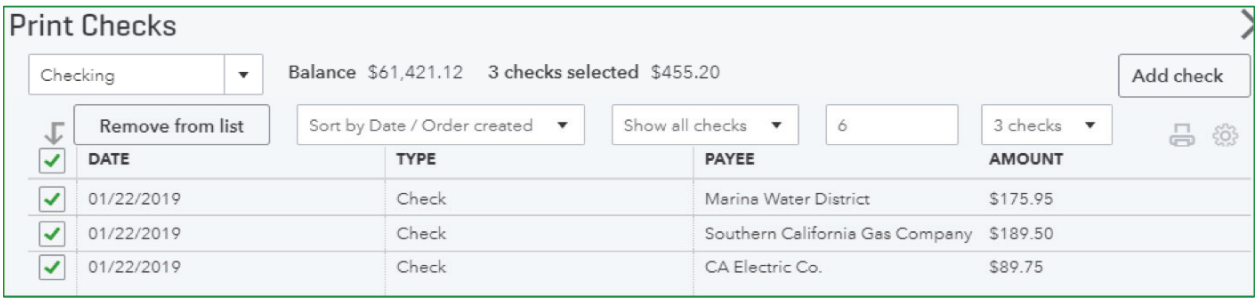
Print Later is selected when preparing the checks. The appropriate check number is indicated during printing. When you use a standard check, three checks print on a page.

DO

Continue to use **Your Name's Beach Barkers** and print checks

Click the **Plus** icon, click **Print Checks** in the Vendors column

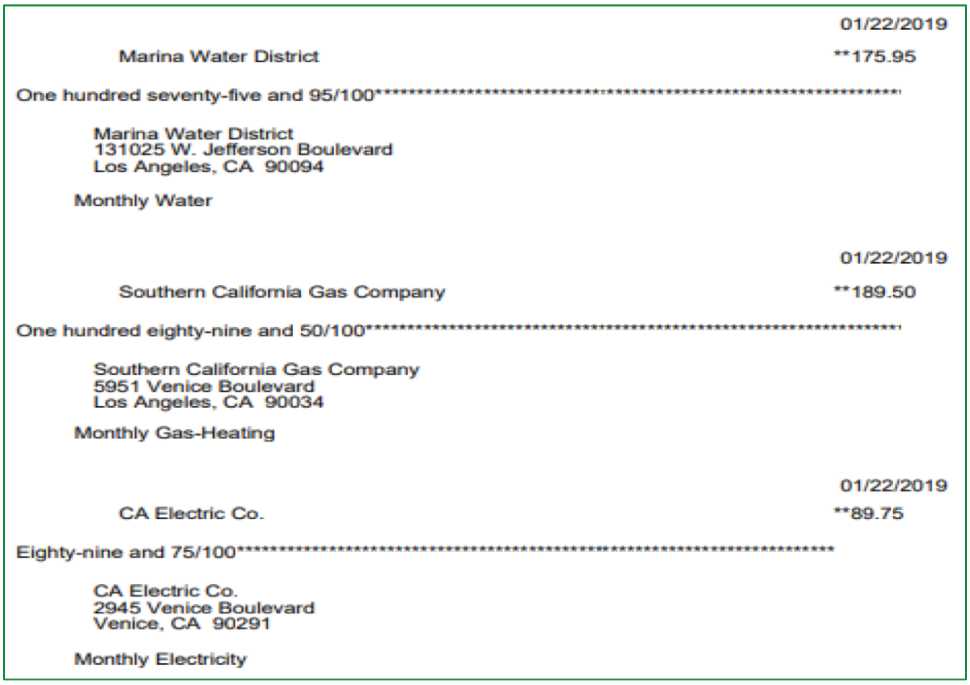
- Information shown on Print Checks includes: The payment method/account: Checking, Balance: $61,421.12, 3 checks selected: $455.20, Starting check no.: 6. In addition, the three checks you entered for Marina Water District, Southern California Gas Company, and CA Electric Co., are shown along with the Date, Type, Payee, and Amount.



Click the **Preview and print** button at the bottom of the screen, then click **Print**

- If you print and save to a PDF file, name the document **5-Your Name Cks 6-8 Ch 4**

View the printed checks



Click the **Close** button on the Print preview

- You will get a message: Did your checks print OK? with selections for: Yes, they all printed correctly, Some checks need reprinting, starting with check: 6 (6 is shown but the number may be changed), or No, keep all checks in the Print Checks list.

If your checks printed correctly, make sure Yes, they all printed correctly is selected, then click **Done**

- If not, make the appropriate selection and reprint.

Click the **Close** button at the top of Print Checks
Do not close Your Name's Beach Barkers

EDIT VENDOR AND REPRINT CHECK--DO

Even if a check has been printed, it may be edited and reprinted.

MEMO
DATE: January 22, 2019

As you review the checks just printed, you notice that the address for Marina Water District is incorrect. Change the address to 13125 W. Jefferson Boulevard and reprint Check 6.

DO

Continue to use **Your Name's Beach Barkers** and edit the vendor Marina Water District and reprint Check 6

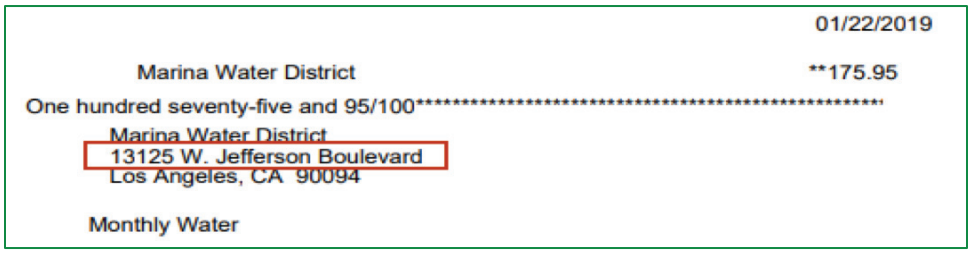
Open the Vendors list, click the vendor **Marina Water District**, click the **Edit** button
Change the address number to **13125**, click **Save**
In the register, click **Check 6** to reopen it

- If your checks were not in the same order as shown previously, you may have a number different from 6. If so, use the number you have.

Click **Print check**
Change the Starting check no. to **6**

- Make sure you use the same check number that was shown for Marina Water District.

Click **Print and preview** and print the check as previously instructed


01/22/2019

Marina Water District **175.95

One hundred seventy-five and 95/100**********

Marina Water District
13125 W. Jefferson Boulevard
Los Angeles, CA 90094

Monthly Water

- If you print and save to a PDF file, name the document: **6-Your Name Ck 6 Corrected Ch 4**

Close the Print preview, click **Done** on the message: Did your checks print OK?
Click the **Close** button at the top of Print Checks

CHECK DETAIL REPORT—DO

Once checks have been printed, it is important to review information about them. The Check Detail report provides detailed information regarding Checks prepared to pay for bills and expenses. The information shown includes the Date, Transaction Type, Number, Name, Memo/Description, CLR (means the check has been cleared by the bank), and Amount.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Check Detail report

Open **Reports**, scroll to the category for **Expenses and Vendors**, click **Check Detail**
Customize the report footer to remove or right align the date prepared and time prepared
Enter the report dates From: **01/01/19** To: **01/22/19**, click **Run report**
View the Check Detail report

- Note that the checks prepared in Pay Bills have the Transaction Type of Bill Payment (Check) while the checks that you wrote without recording a bill have the Transaction Type of Check.
- As you look at the Amount column, you will see two amounts for each check. Some of the amounts have a **–** (minus) in front of the number while others do not.
- The report is showing the net effect of the transaction. If an account is decreased (whether a debit or a credit entry), the amount will have a **–** (minus). If an account is increased, there will not be a **–** (minus).
- Remember the fundamental accounting equation: Assets = Liabilities + Equity.
- Also remember that Debit = Left and Credit = Right.
- Every Journal entry will always have at least one Debit and at least one Credit.
- Assets are on the left of the = sign, so an increase is a Debit (left) and a decrease is a Credit (right).
- Liabilities and Equity are on the right of the = sign, so an increase is a Credit (right) and decrease is a Debit (left).
- Income and Expenses affect Equity. Equity is on the right side of the = sign. Remember, Income – Expenses = Net Income.
  - Net Income increases Equity. An increase in income is an increase in Equity. An income account increased by a Credit (right) entry.
  - An increase in an expense would decrease Net Income, which decreases Equity. Increase in expense is a Debit (left).
- Think about the Bill Payment transactions. Evaluate the bill and bill payment for Super Office. The transaction shown below is in Debit/Credit format.

BILL: Super Office

DEBIT		CREDIT	
Office Supplies	$403.68	Accounts Payable	$403.68

- The bill increases the asset Office Supplies (Debit) and increases the liability Accounts Payable (Credit). This is not reflected in the Check Detail report.
- The bill payment is shown below in Debit/Credit Format:

BILL PAYMENT: Super Office

DEBIT		CREDIT	
Accounts Payable	$403.68	Checking	$403.68

- The bill payment decreases Accounts Payable (Debit) and decreases Checking (Credit).

- The Check Detail report shows a **–** (minus) in front of each figure because each account is decreased.
- Both the bill and the bill payment are linked together. So ultimately, the bill and bill payment finalize the transaction as an increase to the asset Office Supplies and a decrease to the asset Checking.
- Think about the Check transactions. Evaluate Check 6 to Marina Water District:

CHECK: Marina Water District

DEBIT		CREDIT	
Utilities: Water	$175.95	Checking	$175.95

- A check written to pay an expense increases the amount of the Expense (Debit) and decreases the amount of money in Checking (Credit).
- In the Check Detail report, the amount for the expense does not have a **–** (minus) because the expense is increased. Checking does have a **–** (minus) because the amount of money in Checking is decreased.

Your Name's Beach Barkers
CHECK DETAIL
January 1-22, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
▾ Checking						
01/21/2019	Bill Payment (Check)	2	Bow-Wow Supplies	Partial Payment		-500.00
						-500.00
01/21/2019	Bill Payment (Check)	3	Canine Supplies	Partial Payment		-500.00
						-500.00
01/21/2019	Bill Payment (Check)	4	Training Supplies & Equipment			-300.00
						-300.00
01/21/2019	Bill Payment (Check)	5	Super Office			-403.68
						-403.68
01/22/2019	Check	6	Marina Water District	Monthly Water		-175.95
						175.95
01/22/2019	Check	7	Southern California Gas Company	Monthly Gas-Heating		-189.50
						189.50
01/22/2019	Check	8	CA Electric Co.	Monthly Electricity		-89.75
						89.75

Print, export, and or email the report as instructed by your professor

- If you save the report, name it **7-Your Name Ck Detail Ch 4**

Close Your Name's Beach Barkers

PETTY CASH—READ

Frequently, a business will need to pay for small expenses with cash. These might include expenses such as postage, office supplies, and miscellaneous expenses. For example, rather than write a check for postage due of 75 cents, you would use money from petty cash. QuickBooks Online allows you to establish and use a Petty Cash account to track these small expenditures. Normally, a Petty Cash Voucher or Petty Cash Ticket is prepared; and, if available, the receipt(s)

for the transaction is (are) stapled to it. In QuickBooks Online when you record an Expense, you may scan a receipt and attach it electronically to the transaction.

It is important in a business to keep accurate records of petty cash expenditures. Procedures for control of the Petty Cash fund need to be established to prohibit access to and unauthorized use of the cash. Periodically, the petty cash expenditures are recorded so that the records of the company accurately reflect all expenses incurred in the operation of the business.

PETTY CASH—DRILL

There are times when you need a small amount of cash to pay for something. To account for this money, you establish the Petty Cash account to record transactions whenever the cash is spent. There must be money in the Petty Cash fund in order to pay for small expenses. After withdrawing cash from the bank, you record the funding of Petty Cash by transferring money from your Checking account into Petty Cash. Alternatively, you can write a check for the amount and then go to the bank and cash it.

MEMO
DATE: January 23, 2019

Withdrew $100 in cash from Checking to have Petty Cash on hand. Create a new account: Category Type: Banking, Detail Type: Cash on Hand, Name: Petty Cash. Record the transfer of $100 from Checking into Petty Cash.

Use Petty Cash to pay for Squeaky Kleen Car Wash, $19.95.

DRILL

Open the **Test Drive Company** and practice creating and using Petty Cash

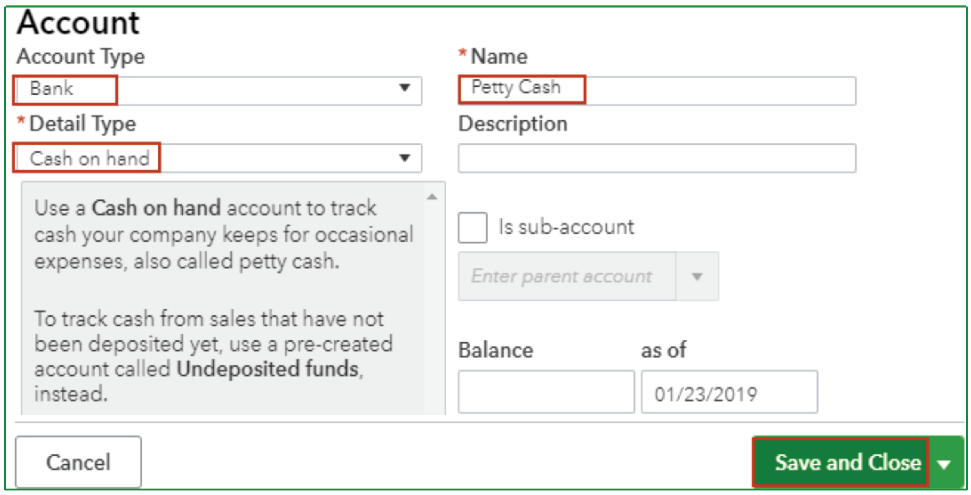
Create and Fund Petty Cash Account

When you have cash on hand, you create and use the Petty Cash account to record the transactions whenever the cash is spent. Once the account is created, you have to get money for the cash on hand. This is done by cashing a check or making a cash withdrawal at the bank. When making a withdrawal, the funding of Petty Cash is recorded by transferring money from your Checking account into Petty Cash.

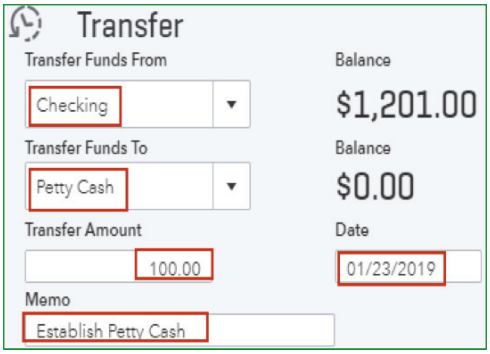
Use the **Test Drive Company** to add and fund the Petty Cash account

To open the Chart of Accounts, click **Accounting** on the Navigation bar, click **Chart of Accounts**, then click **New**
Add Petty Cash:
Category Type: **Bank**
Detail Type: **Cash on hand**
Name: **Petty Cash**

- Do not enter a Balance.



Click **Save and Close** (click the drop-down list arrow if necessary)
Click the **Plus** icon
Click **Transfer** in the Other column
Click the drop-down list arrow for Transfer Funds From, click **Checking**



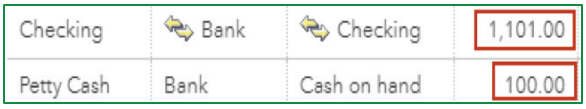
- Notice that the Balance of the Checking account shows $1,201.00.

Click the drop-down list arrow for Transfer Funds To, click **Petty Cash**

- Notice that the Balance of the Petty Cash account shows $0.00.

Click in the text box for Transfer Amount, enter **100**, press **Tab**
Change the date to **01/23/19**, press **Tab**
Enter the Memo **Establish Petty Cash**
Click **Save and close** (click the drop-down list arrow if necessary)

- When you return to the Chart of Accounts, you will see that the balance of Checking is now $1,101.00 and the balance of Petty Cash is $100.00.



Do not close the Test Drive Company, continue and complete the next section

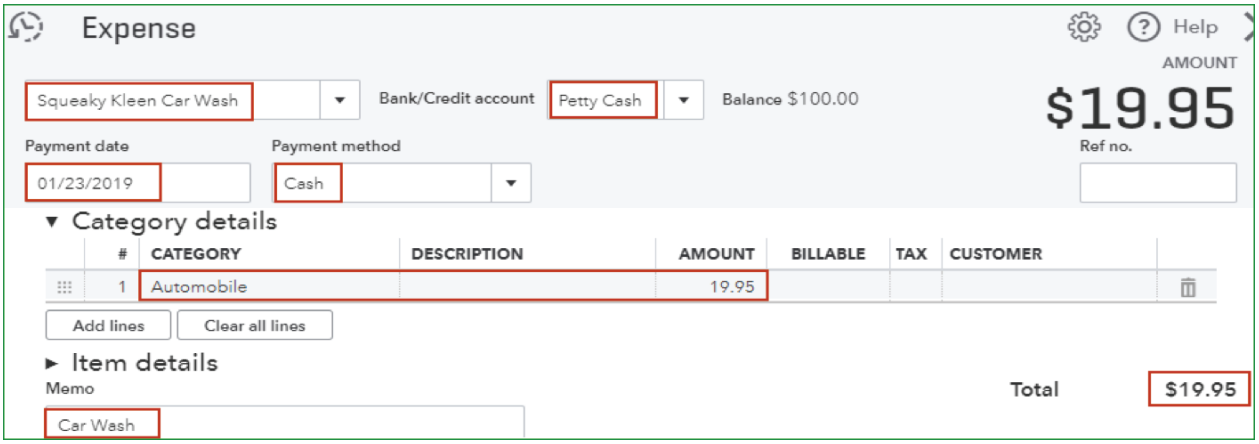
Record Petty Cash Transaction

When you have the cash on hand for Petty Cash and you pay for small purchases or expenses, you will record the transaction as an Expense.

Continue to use the **Test Drive Company** and record a Petty Cash transaction

Click the **Plus** icon, click **Expense** in the Vendors column
Click the drop-down list arrow for Payee, click **Squeaky Kleen Car Wash**
Click the drop-down list arrow where Bank/Credit account shows Checking
Click **Petty Cash**
Tab to Payment date, enter **01/23/19**
Click the drop-down list arrow for Payment method, click **Cash**
Click in the text box for CATEGORY in Line 1, click the Expense account **Automobile**

Tab to AMOUNT enter **19.95**, press Tab
Enter the Memo **Car Wash**



Click **Save and close** (click the drop-down list arrow if necessary)
Return to the Chart of Accounts

- Note the Petty Cash balance of $80.05.

Do not close the Test Drive Company

Checking	Bank	Checking	1,101.00
Petty Cash	Bank	Cash on hand	80.05

PURCHASE ASSET WITH COMPANY CHECK—DRILL

Not all purchases will be transactions on account and not all checks will be written to pay for bills and expenses. If something is purchased and paid for with a check, a check is written and the purchase is recorded.

MEMO
DATE: January 23, 2019

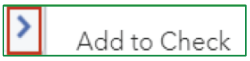
Purchased a custom truck liner with a 10-year warranty for the back of the truck. Paid for it by writing a check for $540.00.

DRILL

Continue to use the **Test Drive Company** and record the purchase of the truck liner

Click the **Plus** icon, click **Check** in the Vendors Column
Payee: **Diego's Road Warrior Bodyshop**
Account: **Checking**
Date: **012319**

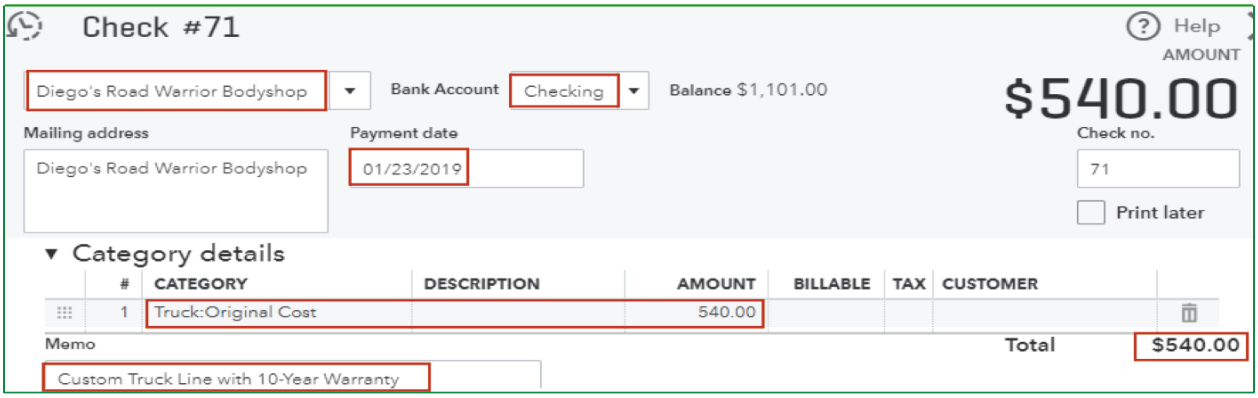
- If you see a message regarding Add to Check, close it by clicking the **>** next to Add to Check.



For CATEGORY, click the Fixed Asset, **Truck: Original Cost**

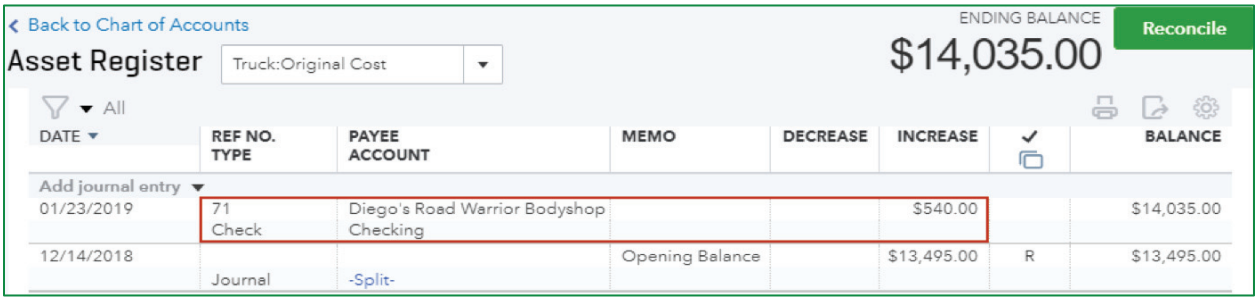
- This account is used since the truck liner has a 10-year warranty.

Enter the AMOUNT of **540**
Enter **Custom Truck Liner with 10-Year Warranty** as the Memo



Click **Save and close** (or the drop-down list arrow)
Open the Chart of Accounts as previously instructed
View the Account Register for Truck:Original Cost

- Note the two transactions, Check 71 for $540.00 and a Journal entry for the Opening Balance of $13,495.00.


Back to Chart of Accounts
ENDING BALANCE
Reconcile
Asset Register
Truck:Original Cost
$14,035.00
All
DATE REF NO. TYPE PAYEE ACCOUNT MEMO DECREASE INCREASE BALANCE
Add journal entry
01/23/2019 71 Check Diego's Road Warrior Bodyshop Checking $540.00 $14,035.00
12/14/2018 Journal -Split- Opening Balance $13,495.00 R $13,495.00

Close the Test Drive Company

PETTY CASH—DO

As you learned in the drill, there are times when you need a small amount of cash to pay for something. To account for this money, you establish and fund the Petty Cash account to record transactions whenever the cash is spent.

MEMO
DATE: January 23, 2019

Withdrew $100 in cash from Checking to have Petty Cash on hand. Create a new account: Category Type: Bank, Detail Type: Cash on Hand, Name: Petty Cash. Record the transfer of $100 from Checking into Petty Cash.

Used $6.47 from Petty Cash to pay for 1 ream of paper that you purchased from Super Office to use immediately for flyers that you will print and give to your customers.

DO

Open **Your Name's Beach Barkers** then create and use Petty Cash

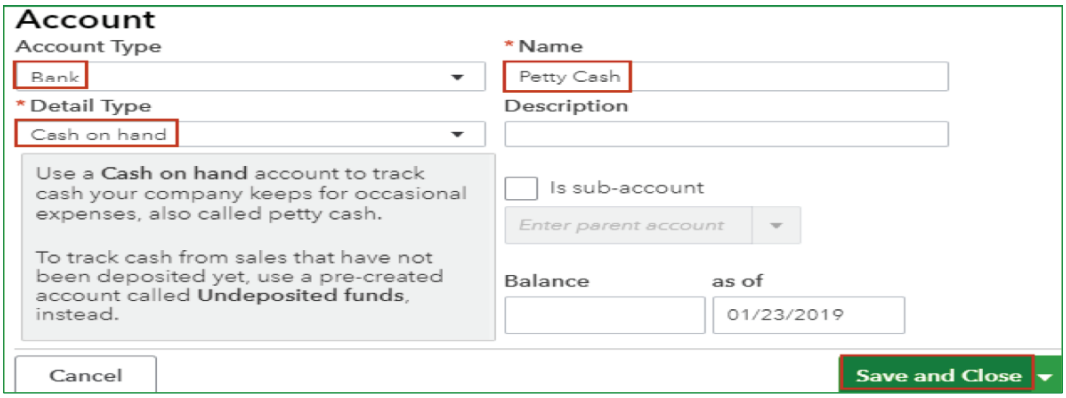
Create and Fund Petty Cash Account

To account for money to have on hand to pay for small expenses, you establish the Petty Cash account and record transactions whenever the cash is spent. Once the account has been created, you get the money for the Petty Cash fund by cashing a check or withdrawing cash at the bank. The funding of Petty Cash is recorded in the Petty Cash account.

Use **Your Name's Beach Barkers** to add and fund the Petty Cash account

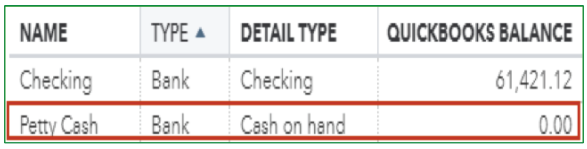
Open the Chart of Accounts as previously instructed, click **New**
Add Petty Cash as previously instructed

- Refer to the Memo for account details.
- Do not enter a Balance.



Click **Save and Close**

- The Petty Cash account now shows in the Chart of Accounts with a 0.00 balance.



NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE
Checking	Bank	Checking	61,421.12
Petty Cash	Bank	Cash on hand	0.00

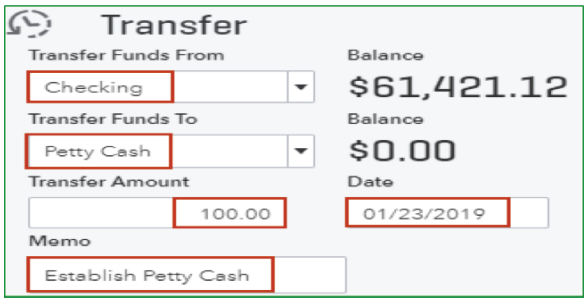
Click the **Plus** icon, click **Transfer** in the Other column
Transfer Funds From: **Checking**

- Notice that the Balance of the Checking account shows $61,421.12.

Transfer Funds To: **Petty Cash**

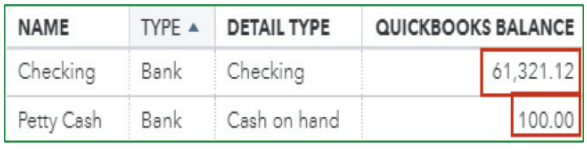
- Notice that the Balance of the Petty Cash account shows $0.00.

Transfer Amount: **100**
Date **01/23/19**
Memo: **Establish Petty Cash**



Click **Save and close** (click the drop-down list arrow if necessary)

- When you return to the Chart of Accounts, you will see the balance of Checking is now $61,321.12 and the balance of Petty Cash is $100.00.



NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE
Checking	Bank	Checking	61,321.12
Petty Cash	Bank	Cash on hand	100.00

Do not close Your Name's Beach Barkers

Record Petty Cash Transaction

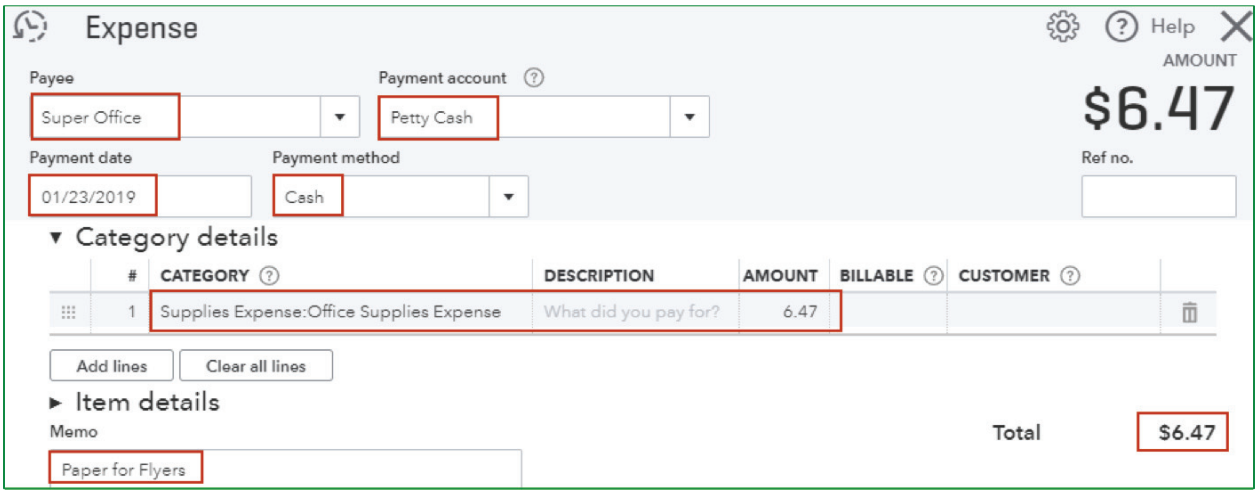
When you have cash on hand for Petty Cash and you pay for small purchases or expenses, you will record the transaction as an Expense.

Continue to use **Your Name's Beach Barkers** to record a Petty Cash transaction

Click the **Plus** icon, click **Expense** in the Vendors column
Payee: **Super Office**
Click the drop-down list arrow where the text box shows Checking, click **Petty Cash**
Payment date: **01/23/19**
Click the drop-down list arrow for Payment method, click **Cash**
Click in the text box for CATEGORY in Line 1, click the Supplies Expense subaccount **Office Supplies Expense**

- Since the paper is for immediate use, it is an expense. Earlier in the chapter, you recorded a transaction for office supplies to have on hand. Because you were going to have the supplies available for future use, they were recorded in the Asset account Office Supplies. The paper for the flyers is being used immediately so it is an expense.

Amount: **6.47**
Enter the Memo **Paper for Flyers**



Click **Save and close** (click the drop-down list arrow if necessary)
Return to the Chart of Accounts

- Note the balance of Petty Cash is $93.53.

Do not close Your Name's Beach Barkers

Checking	Bank	Checking	61,321.12
Petty Cash	Bank	Cash on hand	93.53

PURCHASE ASSET WITH COMPANY CHECK—DO

As you learned in the drill, if something is purchased and paid for with a check, a check is written and the purchase is recorded.

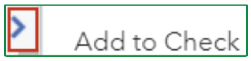
MEMO
DATE: January 23, 2019

Wrote Check 9 for $862.92 to purchase a printer for the office from Tech Savvy.

DO

Continue to use **Your Name's Beach Barkers** to record the printer purchase

Refer to the Memo and prepare the Check as previously instructed

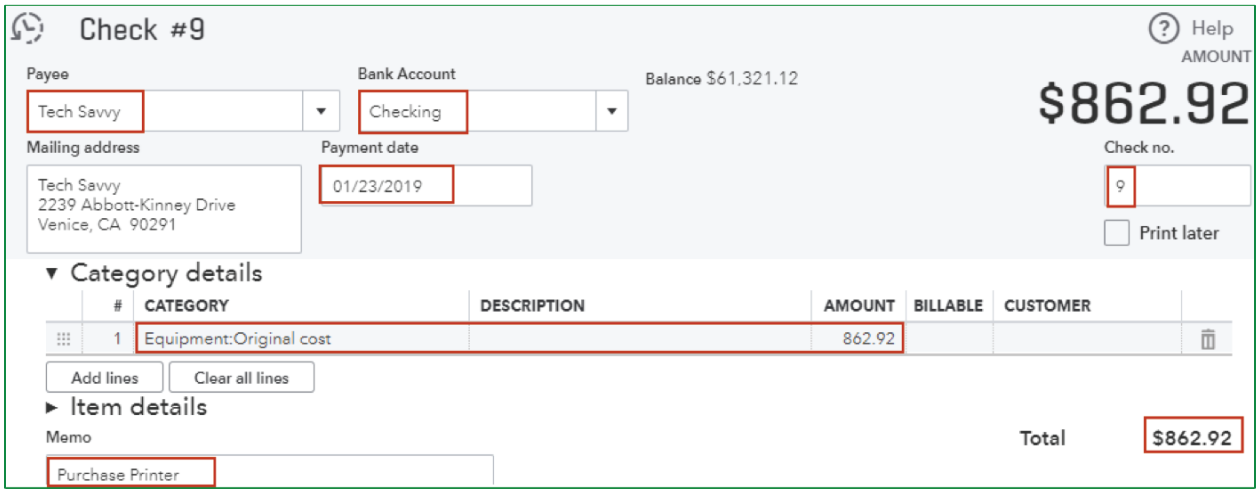


- If you see a message regarding Add to Check, to close it click **>**

Click **Print Later** to remove the check mark
Enter **9** for Check no.
Category: Fixed Asset **Equipment: Original Cost**

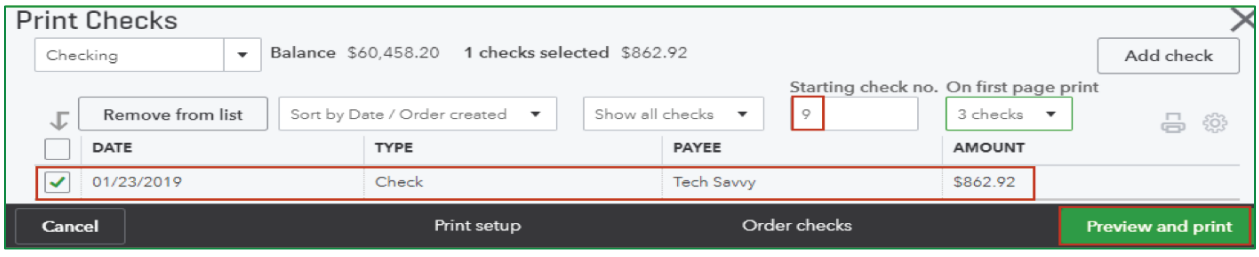
- Since you will have the printer for over a year, it is a fixed asset.

Memo: **Purchase Printer**



Click **Print Check** at the bottom of the screen

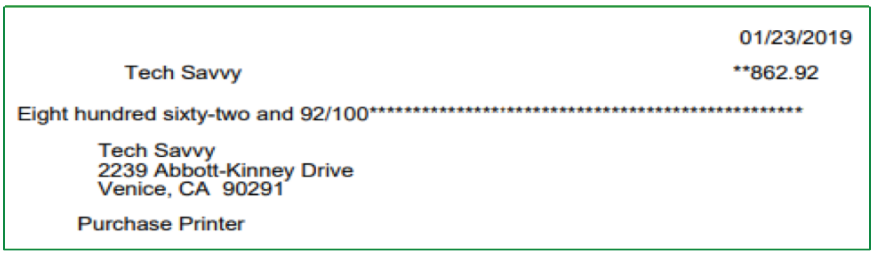
- You get a message that the check was saved.
- Make sure that the Starting check no. is **9**. If it is not, change it.
- If you are not sure that QuickBooks Online remembered to use Standard Checks, click **Print setup**, make sure that Standard is selected, then click **Yes, I'm finished with setup**.



Click **Preview and print** at the bottom of the screen

- You will see a preview of the check.

4



01/23/2019

Tech Savvy **862.92

Eight hundred sixty-two and 92/100**********

Tech Savvy
2239 Abbott-Kinney Drive
Venice, CA 90291

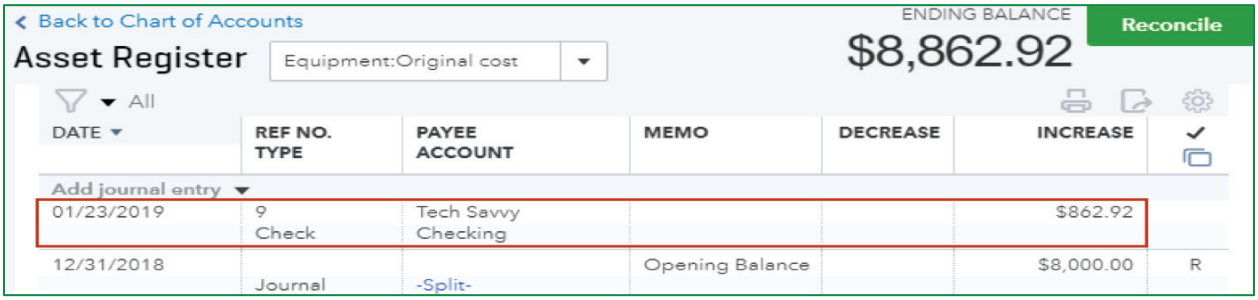
Purchase Printer

Print as previously instructed

- If you save the check as a PDF document to email to your instructor, name it **8-Your Name Ck 9 Tech Savvy Ch 4**

Click **Close** on the screen
On the screen for: Did your checks print OK?, click **Done**
Click the **Close** button at the top of the Print Checks screen
If not shown, open the Chart of Accounts as previously instructed
View the Account Register for Equipment:Original Cost

- Note the two transactions, Check 9 for $862.92 and a Journal entry for the Opening Balance of $8,000.00.



Continue to use Your Name's Beach Barkers in the next section

ADDITIONAL TRANSACTIONS—DO

As you learned in Chapters 2 and 3, close to the end of each chapter, there will be a section of additional transactions that will be similar to ones you completed during the chapter. These transactions will be listed in Memos. You will enter them without any specific instructions. If you have questions about how to enter transactions, you may refer back to material presented earlier in the chapter.

DO

Continue to use **Your Name's Beach Barkers** and enter the following transactions in the Memo boxes

Add Memos to transactions where appropriate
Print, save, and submit as requested by your instructor

- When you enter a batch of checks or write several checks in Pay Bills, print the batch. When you enter single checks, print them when they are entered. Assign the next available check number. The last check written before this section was Check Number 9.

- Use the same naming structure as previously instructed: Document number, your name, business form and number, vendor name. For example, 29-Your Name Ck 1234 Rollins Machinery.

MEMO **DATE:** January 24, 2019
Received Bill 276 from Canine Supplies for the purchase of Kennel Supplies to have on hand, $189.00.
Received Bill 425 for $75 from Beach Advertising for a newspaper ad. (If information for a previous bill is shown, change it to reflect this transaction.)
Use Petty Cash to pay for an oil change from Vince's Auto Repair, $29.95. (Vehicle Expenses).
Received Bill 564 for $175.00 for the purchase of Cleaning Supplies to have on hand from a new vendor, Supplies Galore (7291 E. Los Angeles Street, Los Angeles, CA 90012, Email: Supplies@orders.com, Phone: 310-555-8529, Fax: 310-555-9258, Terms: Net 30).
Change the name of the Fixed Asset Account Equipment to Office Equipment.
Wrote Check 10 to Super Office to purchase a new Fax machine—Office Equipment, Original Cost, $322.92.
Paid the rent of $1,500 to Venice Rentals. (No bill was recorded for this transaction.)
The January 18, 2019 vehicle repair by Vince's Auto Repair was $50 less than originally billed. Received Credit Memo 725 from them.

Continue recording, saving, and printing transactions

MEMO **DATE:** January 27, 2019 (Note: Use this date for the remaining transactions)
Paid the monthly telephone bill of $129.95 to Beach Telephone Company (425 Rose Avenue, Venice, CA 90291, Phone: 800-555-6554, Terms: Net 30). (No bill was recorded for this transaction.)
Had to take a load of towels to the laundromat to wash and dry. Paid $6.50 in cash to a new vendor, Lulu's Laundry (2151 Lincoln Boulevard, Venice, CA 90291, Phone: 310-555-8789, Terms: Net 30).
Transfer an additional $50 to Petty Cash.
Pay bills and make partial payments of $200 to Bow-Wow Supplies and $300 to Canine Supplies toward their opening balances. Pay the full amount owed to Vince's Auto Repair. Pay Beach Advertising for Bill 2525. (Record a memo of Partial Payment on the bill payments for Bow-Wow Supplies and Canine Supplies.)

Continue to use Your Name's Beach Barkers to complete reports

VIEW EXPENSES—DO

In addition to a variety of reports relating to expenses, QuickBooks Online allows you to view all of your expense transactions. These transactions include bills, bill payments, checks, expenses, and vendor credits. You may view all of the transactions; specify a date range and/or type of transactions. Information is shown for the Transaction Date, Type, No., Payee, Category, Total, and Actions available to be performed.

DO

Continue to use **Your Name's Beach Barkers** to view all expense transactions

Click **Expenses** on the Navigation bar
- Notice that there are selections for Expenses and Vendors.

Click **Expenses**
- All expense transactions are shown for the Last 365 days from the most recent date to the oldest date.

To specify the date range, click the **Filter** button
Enter the From date **12/31/18** and To date **01/27/19**
- If your transactions are dated for more than 365 days from the current date, you will need to select All Dates.

Click **Apply**
Click the **Settings** (Gear) icon next to the **Print** and **Export** icons, click **Show More**
- Columns displayed have a check mark. You may deselect any of these columns. You may select other Columns to display by clicking on them.

Click the Columns for **Balance** and **Status** to add them to the List
Print in Landscape orientation, export to Excel, and/or submit as previously instructed
- If you save the report, name it **13-Your Name Exp Trans List Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

VENDOR BALANCE SUMMARY—DO

QuickBooks Online has two Vendor Balance reports available in the What you owe category in Reports. There is a summary report that shows unpaid balances for vendors and a detail report that lists each transaction for a vendor. In order to see how much is owed to each vendor, prepare a Vendor Balance Summary report.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Vendor Balance Summary report

Open the **What you owe** report category in Reports as previously instructed
Click **Vendor Balance Summary**
- By default, the report is prepared for All Dates. You may also select an As of Date.

Your Name's Beach Barkers
VENDOR BALANCE SUMMARY
All Dates

	TOTAL
Beach Advertising	75.00
Bow-Wow Supplies	1,300.00
Canine Supplies	2,389.00
Supplies Galore	175.00
Tech Savvy	275.00
TOTAL	$4,214.00

- Do your Vendor Balances match the ones shown in the above report? If not, go back through your entries in the Expense Transactions List and verify your entries with the information given in the text.
- If instructed to do so by your professor, customize the report footer. Either use Alignment: Right or remove the Date Prepared and Time Prepared.

Print, export, and/or submit as previously instructed

- If you print, use Portrait for the Layout.
- Name the report **14-Your Name Vend Bal Sum Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

UNPAID BILLS—DO

As you learned earlier in the chapter, it is possible to get information regarding unpaid bills by preparing the Unpaid Bills report. Evaluating the Unpaid Bills report enables you to determine which bills should be paid and to know which bills are overdue.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Unpaid Bills report

Click **<Back to report list** at the top of the Vendor Balance Summary Report
Click **Unpaid Bills** in the What you owe section of Reports

- By default the report is prepared for All Dates.
- Scroll through the report and note which bills are past due. If there is a minus (-) in front of the number, it means the number of days until the bill is due. Remember, the number of days shown in Past Due is calculated based on the current date. The number of days you see will not match the following report.
- If you have made a partial payment for a bill, you will see a difference between the figures in the Amount column and the Open Balance column. The Open Balance column tells you the remaining amount that needs to be paid for the bill.

Your Name's Beach Barkers
UNPAID BILLS
All Dates

DATE	TRANSACTION TYPE	NUM	DUE DATE	PAST DUE	AMOUNT	OPEN BALANCE
Beach Advertising						
310-555-1879						
01/24/2019	Bill	425	02/23/2019	-28	75.00	75.00
Total for Beach Advertising					**$75.00**	**$75.00**
Bow-Wow Supplies						
800-555-2951						
12/31/2018	Bill		12/31/2018	26	2,000.00	1,300.00
Total for Bow-Wow Supplies					**$2,000.00**	**$1,300.00**
Canine Supplies						
310-555-6971						
12/31/2018	Bill		12/31/2018	26	3,000.00	2,200.00
01/24/2019	Bill	276	02/23/2019	-28	189.00	189.00
Total for Canine Supplies					**$3,189.00**	**$2,389.00**
Supplies Galore						
(310) 555-8529						
01/24/2019	Bill	564	02/23/2019	-28	175.00	175.00
Total for Supplies Galore					**$175.00**	**$175.00**
Tech Savvy						
(310) 555-8816						
01/18/2019	Bill	230	02/17/2019	-22	275.00	275.00
Total for Tech Savvy					**$275.00**	**$275.00**
TOTAL					**$5,714.00**	**$4,214.00**

Customize the Footer as previously instructed
Print, export, and/or submit as previously instructed
- If you print, use Portrait for the Layout.
- Name the report **15-Your Name Unpaid Bills Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

BILL PAYMENT LIST—DO

As you learned earlier in the chapter, when a bill has been paid, it is shown in the Bill Payment List in the What you owe category of Reports.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Bill Payment List report

Click **<Back to report list** in the Unpaid Bills Report
In the What you owe category, click **Bill Payment List**
The report dates are From: **01/01/19** To: **01/27/19**
Customize the Footer as previously instructed
Print, export, and/or email or submit the report as required by your professor
- If you print, use Portrait for the Layout.
- Name the report **16-Your Name Bill Pmt List Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

Your Name's Beach Barkers
BILL PAYMENT LIST
January 1-27, 2019

DATE	NUM	VENDOR	AMOUNT
Checking			
01/21/2019	2	Bow-Wow Supplies	-500.00
01/21/2019	3	Canine Supplies	-500.00
01/21/2019	4	Training Supplies & Equipment	-300.00
01/21/2019	5	Super Office	-403.68
01/27/2019	13	Bow-Wow Supplies	-200.00
01/27/2019	14	Canine Supplies	-300.00
01/27/2019	15	Vince's Auto Repair	-292.45
01/27/2019	16	Beach Advertising	-125.00
Total for Checking			$ -2,621.13

TRANSACTION LIST BY VENDOR—DO

Now that you have entered the transactions for Chapter 4, it is important to view information for vendor transactions. To do this, you prepare a Transaction List by Vendor report. The report displays the vendors that have recorded transactions.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Transaction List by Vendor

Access the **Expenses and Vendors** report category
Click **Transaction List by Vendor**
Use the Dates From: **010119** To: **012719**
- Scroll through the report and view the transactions listed for each vendor. If a vendor does not appear in the report, you may have used transaction dates outside the date range or the vendor may not have any transactions recorded.

Customize the Footer as previously instructed
Print, export, and/or submit as previously instructed
- If you print, use Landscape for the Layout.

- Name the report **17-Your Name Trans List by Vend Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

CHECK DETAIL—DO

As you learned earlier in the chapter, once checks have been printed, it is important to review information about them. The Check Detail report provides detailed information regarding Checks prepared and Petty Cash expenditures made to pay for bills and expenses.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Check Detail report

In the report category **Expenses and Vendors**, click **Check Detail**
Enter the Dates From: **010119** and To: **012719**, and then click **Run Report**

- Your report should show Checks 2-16 and three Petty Cash expenditures. This report does not show Check 1 because it was not used to pay a bill or an expense. It was written to give a refund in Chapter 3.

Customize the Footer as previously instructed
Print, export, and/or submit as previously instructed

- If you print, use Portrait for the Layout.
- Name the report **18-Your Name Ck Detail Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

JOURNAL—DO

As you learned in Chapter 3, QuickBooks Online records every entry behind the scenes in debit and credit format. Preparing the Journal report will display this information. In many instances, going through the Journal report and checking entries, transaction dates, account names, and products/services listed in the Memo column will help you find errors in your transactions. If a transaction does not appear in the Journal, it may be due to using an incorrect date or forgetting to enter it.

In your concepts course, you may have learned that the General Journal was where all entries were recorded in debit/credit format. In QuickBooks Online, you do record some debit/credit transactions as Journal Entries and then display all debit/credit entries no matter where the transactions were recorded in the Journal report.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Journal report

Return to **Reports**, scroll to the **For my accountant** section, and click **Journal**
Enter the Dates From: **010119** To: **Current Date**, press **Tab**

- Scroll through the report and note the transaction dates. If any transactions are dated later than January 27, 2019, they should appear. If necessary change any incorrect transaction dates.
- Look at the debits and credits carefully, the debit entry is not always shown first.

Verify your Total:

TOTAL	$47,968.27	$47,968.27

To see the entries for sales and customer payments entered in Chapter 3, enter the Dates:
From: **010119** To: **011719**
Verify your Total:

TOTAL	$40,205.00	$40,205.00

To see the entries for bills and expenses entered in Chapter 4, enter the Dates:
From: **011819** To: **012719**
Verify your Total:

TOTAL	$7,763.27	$7,763.27

- By looking at the totals for the three different time periods, it may help you to discover where an error occurred and enable you to make corrections. Double-check dates, amounts, accounts, and products/services used in the transactions.

Customize the Footer as previously instructed
When the totals are correct, print, export, and/or submit the Journal for January 18-27, 2019 (the Chapter 4 entries) as previously instructed

- If you print, use Landscape for the Layout.
- Name the report **19-Your Name Journal Ch 4**

Continue to use Your Name's Beach Barkers to complete reports

TRIAL BALANCE—DO

When all sales transactions have been entered, it is important to prepare the Trial Balance to verify that the total debits equal the total credits.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Trial Balance

Click **Trial Balance** in the For my accountant category of Reports
Enter the Dates From: **010119** To: **012719**
Click **Run Report**
Compare your Trial Balance with the one shown on the next page

- Do your Debits and Credits total: $186,431.50?

Customize the Footer as previously instructed
When the totals are correct, print, export, and/or submit the Trial Balance as of January 27, 2019 as previously instructed

- If you print, use Portrait for the Layout.
- Name the report **20-Your Name Trial Bal Ch 4**

Your Name's Beach Barkers
TRIAL BALANCE
As of January 27, 2019

	DEBIT	CREDIT
Checking	57,537.88	
Petty Cash	107.08	
Accounts Receivable (A/R)	14,930.00	
Inventory Asset	29,012.50	
Prepaid Insurance	1,200.00	
Supplies:Cleaning Supplies	925.00	
Supplies:Kennel Supplies	2,084.00	
Supplies:Office Supplies	753.68	
Supplies:Sales Supplies	500.00	
Undeposited Funds	0.00	
Furniture & Fixtures:Depreciation		1,500.00
Furniture & Fixtures:Original cost	15,000.00	
Kennel Equipment:Depreciation		2,030.00
Kennel Equipment:Original cost	20,300.00	
Office Equipment:Depreciation		800.00
Office Equipment:Original cost	9,185.84	
Vehicles:Depreciation		3,200.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		4,214.00
Loans Payable:Equipment Loan		2,000.00
Loans Payable:Furniture & Fixtures Loan		2,500.00
Opening Balance Equity		142,362.50
Retained Earnings		22,200.00
Services:Boarding		770.00
Services:Day Camp		420.00
Services:Grooming		885.00
Services:House Calls		225.00
Services:Training		3,025.00
Services:Transportation		300.00
Advertising	200.00	
Equipment Rental	75.00	
Laundry	6.50	
Rent or Lease	1,500.00	
Repair & Maintenance:Computer Repair	200.00	
Repair & Maintenance:Vehicle Repair	212.50	
Supplies Expense:Office Supplies Expens	6.47	
Telephone Expense	129.95	
Utilities:Electric	89.75	
Utilities:Gas-Heating	189.50	
Utilities:Water	175.95	
Vehicle Expenses	109.90	
TOTAL	**$186,431.50**	**$186,431.50**

Close Your Name's Beach Barkers

SUMMARY

In this chapter, accounting for purchases and expenses was performed. By the end of the chapter, bills were recorded and paid, checks were written, small expense transactions were entered, and reports were prepared. The Petty Cash Fund was established and used for payments of small expense items. Checks were voided and deleted. Accounts were added and modified. New vendors were added. The Vendors List and individual Vendor Registers were used to access transactions. Transaction Audit History was viewed and discussed. An asset was purchased with a company check. All expense transactions were viewed. Reports prepared include Transaction List by Vendor and Check Details. Unpaid Bills and Vendor Balance Summary reports provided information regarding bills that had not been paid. Other reports, such as, the Journal and Trial Balance were also prepared and analyzed.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 4.01. QuickBooks Online uses the Vendors List as the Accounts Receivable Ledger.

_____ 4.02. The Bill Payment List report tells you which bills have not been paid.

_____ 4.03. You can add a new account while recording a bill.

_____ 4.04. The Pay Bills window does not tell you which bills are overdue.

_____ 4.05. On the Pay Bills Screen, QuickBooks Online inserts the amount for Credit Applied (if available) when the bill is selected for payment.

_____ 4.06. When you use Compare to view an Audit History for a transaction, the original transaction amount is highlighted.

_____ 4.07. A bill must be voided manually.

_____ 4.08. The Transaction List by Vendor shows every transaction recorded in debit/credit format.

_____ 4.09. A Vendor Credit increases the amount you owe a vendor.

_____ 4.10. A prepaid expense is an expense account.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 4.11. When you record a bill, it must be paid ___.
A. With Petty Cash
B. By writing a Check
C. Using Pay Bills
D. All of the above

_____ 4.12. You may view the Audit History of a transaction in the following ways:
A. Show All
B. Compare
C. Collapsed
D. All of the above

_____ 4.13. Which of the following would not be a prepaid expense?
A. Equipment Rental
B. Insurance
C. Office Supplies
D. None of the above

_____ 4.14. To pay for a bill that has not been recorded, you use ___.
A. Pay Bills
B. Bills
C. Check
D. Accounts Payable

_____ 4.15. If a bill payment amount does not match any of the bill amounts, QuickBooks Online applies it to ___.
A. The newest bill
B. The oldest bill
C. Splits the amount among all bills owed to the vendor
D. Vendor Credits

_____ 4.16. If you purchase something to have on hand that will eventually be used up in the operation of the business, it is recorded as a(n) ___.
A. Liability
B. Expense
C. Asset
D. Any of the above

_____ 4.17. To pay for small expenses using cash, you use the ___ account.
A. Cash
B. Transfer
C. Petty Cash
D. Undeposited Funds

_____ 4.18. The report that you prepare to determine which bills to pay is the ___ report.
A. Expenses List
B. Vendor Balance Detail
C. Bill Payment List
D. Unpaid Bills

_____ 4.19. All of the following may be added 'on the fly' when entering a Bill **except**
A. A new Account
B. A new Customer
C. A new Vendor
D. Any of the above may be added 'on the fly' when entering a Bill

_____ 4.20. To see the unpaid balances for vendors, you prepare a(n) ___ report.
A. Unpaid Bills
B. Vendor Balance Summary
C. Vendor Balance Detail
D. Any of the above

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

4.21. If you fund Petty Cash by making a cash withdrawal at the bank, you enter it in the Petty Cash account by a completing a(n) _____ in QuickBooks Online.

4.22. In QuickBooks, the form used to record a reduction to a previously billed transaction between your company and a vendor is called a _____.

4.23. The report that provides detailed information regarding Checks prepared and Petty Cash expenditures is the _____ report.

4.24. When the Electric Bill is received and paid immediately with a check, QuickBooks Online enters the following transaction in the Journal: a _____ to an Expense Account and a _____ to Checking.

4.25. You remove the date prepared and time prepared from a report footer by clicking the _____ button.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

4.26. What is the balance of Petty Cash on January 24, 2019? _____

4.27. What business form did you complete to record the purchase of the Fax machine from Super Office? _____

4.28. What is the total of the Bill Payment List for January 1-27, 2019? _____

4.29. How much was the check for Super Office on January 21, 2019? _____

4.30. What business form did you complete to record the reduction of the amount owed to Vince's Auto Repair on January 24, 2019? _____

4.31. Which Vendor had the largest unpaid balance as of January 31, 2019? _____

4.32. What was the Bill number and amount of the Bill Payment check prepared for Beach Advertising on January 27, 2019? _____

_____

4.33. For the transaction with Lulu's Laundry, the account debited in the Journal is: _____
and the account credited is: _____

4.34. What is the balance of the Checking account after recording Check 11? _____

4.35. For the purchase of the Fax machine from Super Office, what account is used in the Journal for the debit: _____
and the credit: _____

CHAPTER 4 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

___ 1-Trans List by Vend Ch 4	___ 11-Ck 12 Beach Telephone Company Ch 4
___ 2-Unpaid Bills Ch 4	___ 12-Cks 13-16 Ch 4
___ 3-Cks 2-5 Ch 4	___ 13-Exp Trans List Ch 4
___ 4-Bill Pmt List Ch 4	___ 14-Vend Bal Sum Ch 4
___ 5-Cks 6-8 Ch 4	___ 15-Unpaid Bills Ch 4
___ 6-Ck 6 Marina Water District Corrected Ch 4	___ 16-Bill Pmt List Ch 4
___ 7-Ck Detail Ch 4	___ 17-Trans List by Vend Ch 4
___ 8-Ck 9 Tech Savvy Ch 4	___ 18-Ck Detail Ch 4
___ 9-Ck 10 Super Office Ch 4	___ 19-Journal Ch 4
___ 10-Ck 11 Venice Rentals Ch 4	___ 20-Trial Bal Ch 4

GENERAL ACCOUNTING AND END-OF-PERIOD PROCEDURES

5

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

5.01. Record Adjustments for Accrual-Basis Accounting including prepaid expenses and depreciation.
5.02. Create and transfer balances for Equity Accounts.
5.03. Record owner withdrawals.
5.04. Record additional cash and non-cash investments by the owner.
5.05. Reconcile the bank statement; mark cleared transactions; record bank service charges, interest earned, and automatic payments.
5.06. Prepare, customize, and print and/or export reports including Statement of Cash Flows, Journal, Trial Balance, Profit & Loss, and Balance Sheet.
5.07. Transfer net income and retained earnings into the Capital account.
5.08. Close the owner's drawing account.
5.09. Close the end of a period.
5.10. Edit transaction in a closed period.
5.11. Edit transaction for transfer of net income and retained earnings.

GENERAL ACCOUNTING AND END-OF-PERIOD PROCEDURES

As previously stated, QuickBooks Online operates from the standpoint of a business document rather than an accounting form, journal, or ledger. While QuickBooks Online does incorporate all of these items into the program, in many instances they operate behind the scenes. QuickBooks Online does not require special closing procedures at the end of a period. Instead, at the end of the fiscal year, QuickBooks Online transfers the Net Income into Retained Earnings and allows you to assign a closing date to protect the data for the year. Once a period is closed, all the transaction details are maintained and viewable; changes may be made and saved by clicking Yes on a warning screen.

Even though a formal closing does not have to be performed within QuickBooks Online, when you use accrual-basis accounting, several transactions must be recorded to reflect all expenses and income for the period. For example, bank statements must be reconciled and any charges or bank collections need to be recorded. During the business period, the accountant for the company will review things such as adjusting entries, depreciation schedules, owner's equity adjustments, and so on. The changes and adjustments may be entered directly into the company or they may be made by the accountant using QuickBooks Online Accountant. Once necessary adjustments have been made, reports reflecting the end-of-period results of operations should be prepared.

TRAINING TUTORIAL AND PROCEDURES

Continue to use the Test Drive Company for practice and the fictional company, Your Name's Beach Barkers, to record end-of-period transactions, adjustments, and reconciliations; to assign a closing date; and to prepare reports. In certain sections of the chapter, transactions will need to be entered into the Test Drive Company before you can complete a drill. When working with Equity accounts, the material entered into Your Name's Beach Barkers is more complex than the entries for the Test Drive Company. Instructions are given to guide you through the process.

Just as you did in Chapters 2, 3,and 4, you will enter additional transactions near the end of the chapter. These transactions are similar to the ones you entered in the Test Drive Company and in Your Name's Beach Barkers so no step-by-step instructions will be given. If you need to refer back to the chapter materials to make the entries, you should feel free to do so. If you can enter them without looking back, you have learned how to do something on your own in QuickBooks Online.

DATES

Remember that the year used for the screenshots is 2019. Continue to use the same year that you used in Chapters 2, 3, and 4, which should be the current year. When QuickBooks Online inserts the current date into a transaction, be aware of this and be sure to use the date indicated in the text. There are instances where QuickBooks Online uses the current date no matter what date you insert. The Reconciliation report is an example of this. The rule is, if you cannot change a date, accept the date given. Don't forget that the Test Drive Company is programmed to automatically change dates and that the dates shown in the text will not match the ones shown on your computer. When using the Test Drive Company, you may have to use the current date in some of the practices in order to access the desired data. Instructions will be given when this occurs.

IMPORTANT NOTE

QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed/Horne Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text, new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

When using QBO, you may also download and use Apps. Apps are programs that are designed to integrate and work with QuickBooks Online. Some Apps are free while others require a payment. As a result, Apps are not included in the text. Whenever possible, program changes are incorporated into the text; but some changes will not be able to be included until the next edition.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

ADJUSTMENTS FOR ACCRUAL-BASIS ACCOUNTING

As previously stated, the accrual-basis of accounting matches the income and the expenses of a period in order to arrive at an accurate figure for net income or net loss. Thus, the revenue is earned at the time the service is performed or the sale is made no matter when the actual cash is received. The cash-basis of accounting records income or revenue at the time cash is received no matter when the sale was made or the service performed. The same holds true when a business buys things or pays bills. In accrual-basis accounting, the expense is recorded at the time the bill is received or the purchase is made regardless of the actual payment date. In cash-basis accounting, the expense is not recorded until it is paid. In QuickBooks Online, the Accounting Method selected by default in Settings is Accrual. It may be changed to Cash.

To illustrate the effect on the Profit and Loss between Accrual-Basis and Cash-Basis accounting, use the following example. Record $1,000 of sales on account and one year of insurance for $600 in November: Using accrual-basis accounting, you would record $1,000 as income or revenue and $600 as a prepaid expense in an asset account—Prepaid Insurance. Every month, an adjusting entry for $50 ($600/12 = $50) would be made to record the amount of insurance used for the month. In cash-basis accounting, when the $1,000 payment on account is received the following year in March, that is when you record income. When using the cash-basis of accounting, you would have no income and $600 worth of insurance recorded as an expense for November with nothing else recorded for insurance until the following November. The income of $1,000 would not be shown in November. A Statement of Profit & Loss prepared in November would show:

November	Accrual		Cash	
Income		$1,000		$ 0
Insurance Expense	($600/12) =	-50		-600
Net Profit (Loss)	**Profit**	**$950**	**Loss**	**-$600**

When using accrual-basis accounting, there are several internal transactions that must be recorded. These entries are called adjusting entries. Some items used in a business are purchased and or paid for in advance. When this occurs, they are recorded as an asset and are called prepaid expenses. As these are used, they become expenses of the business. For example, insurance for the entire year would be used up month by month and should, therefore, be a monthly expense. Commonly, the insurance is billed and paid for six months or the entire year. Until the insurance is used, it is an asset. Each month, the portion of the insurance used becomes an expense for the month. (Refer to the preceding chart.) Another example for adjusting entries is in regard to equipment. Since it does wear out and will eventually need to be replaced, rather than wait until replacement to record the use of the equipment, an adjusting entry is made to allocate the use of equipment as an expense for a period. This is called depreciation.

ADJUSTING ENTRIES: PREPAID EXPENSES—DRILL

A prepaid expense is an item that is paid for in advance. Examples of prepaid expenses include: Insurance—policy is usually for six months or one year; Office Supplies—buy to have on hand and use as needed. (This is different from supplies that are purchased for immediate use.) As noted

earlier, a prepaid expense is an asset until it is used. As the insurance or supplies are used, the amount used becomes an expense for the period. In accrual-basis accounting, an adjusting entry is made in the General Journal at the end of the period to allocate the amount of prepaid expenses (assets) used to expenses.

The Test Drive Company does not always have accounts or recorded transactions that are needed to illustrate some of the concepts presented in the text. Prior to recording an adjusting entry for insurance, a bill for insurance must be entered.

MEMO
DATE: January 30, 2019

Record the bill from Brosnahan Insurance Agency for one-year's insurance premium of $900.
Record the monthly adjustment for Prepaid Insurance.

DRILL

Open the **Test Drive Company**

Record a Bill for Insurance as instructed in Chapter 4
Vendor: **Brosnahan Insurance Agency**
Bill date: **01/30/19**
Category: **Prepaid Expenses**, press **Tab**

- Since the Test Drive Company does not have separate accounts for prepaid expenses; such as, office supplies, sales supplies, prepaid insurance, etc. The Prepaid Expenses account is used in the Drill.
- Click the drop-down list arrow and selecting the account Prepaid Expenses erases the Insurance account that was entered because of a previous transaction.

Amount: **900**

- Tabbing to the amount highlights the previous amount of 241.23. When you enter 900, the previous amount is erased.

Click **Save and close**

- Remember, if the Save command you want to use does not show, click the drop-down list, and then, click the correct command.
- Depending on your computer and other variables, the keyboard shortcut of **Ctrl+Alt+D** may be used to **Save and close** the transaction. (Think of D for Done.)

Calculate the amount of the adjusting entry—One-year premium ÷ months = amount:
$900 ÷ 12 = $75
Click the **Plus** icon
Click **Journal Entry** in the Other column

- A Journal Entry requires both a debit and a credit just as you did when you recorded a General Journal Entry in your concepts course.

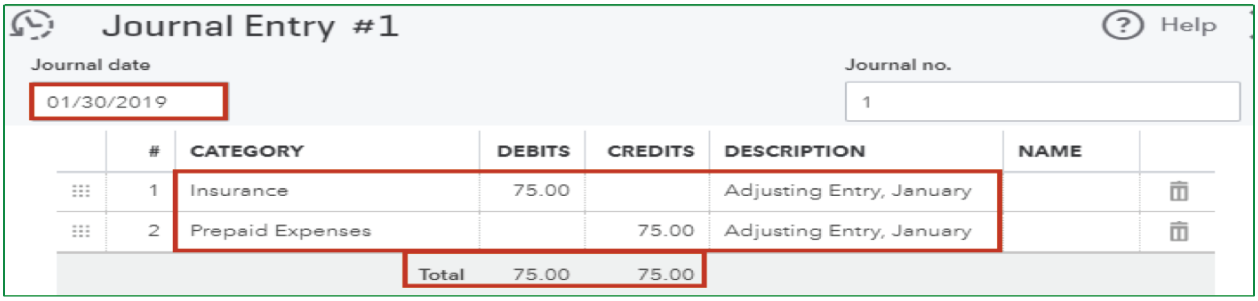
Enter the date: **01/30/19**, press **Tab**

- The Journal Entry number **1** is shown.

Line 1: Click in the CATEGORY text box
Click the drop-down list arrow, scroll through the accounts, click the Expense account **Insurance**
Tab to DEBITS, and enter the amount of the adjusting entry **75**
Tab to DESCRIPTION, enter **Adjusting Entry, January**

Line 2: Tab to or click in CATEGORY text box, scroll through accounts, click **Prepaid Expenses**

- Credits of 75 and the Description are automatically entered by QuickBooks Online. If they do not appear automatically, simply enter them as instructed for the Debit entry.
- This adjusting entry decreases the asset Prepaid Expenses by $75 and increases the expense Insurance.



- Notice that the amounts for Debits equal the amounts for Credits.

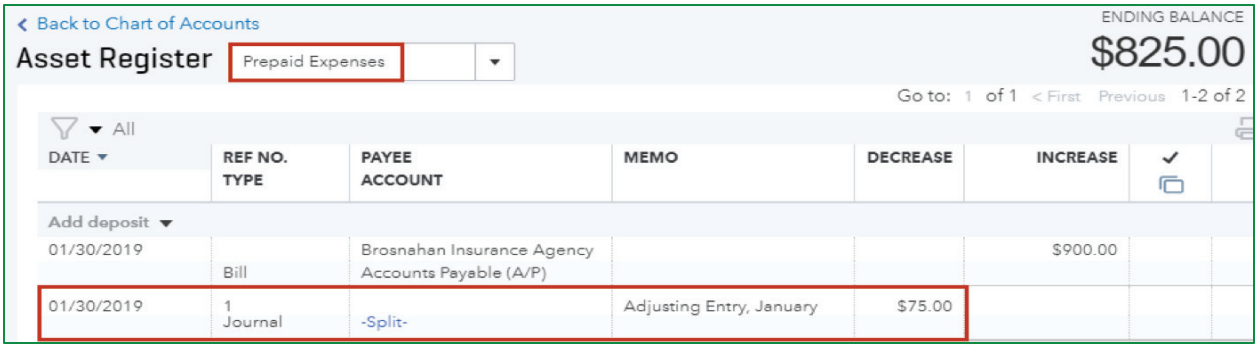
Click **Save and close**

- If the Save command you want to use does not show, click the drop-down list, and then, click the correct command. Or, use the keyboard shortcut **Ctrl+Alt+D**

Open the Chart of Accounts,

- Remember, you might have to click on a graphic screen in order to see the Chart of Accounts.

Click **View Register** in the ACTION column for Prepaid Expenses to view the Register


Back to Chart of Accounts
Asset Register
Prepaid Expenses
ENDING BALANCE
$825.00
Go to: 1 of 1 < First Previous 1-2 of 2
All
DATE REF NO. TYPE PAYEE ACCOUNT MEMO DECREASE INCREASE
Add deposit
01/30/2019 Bill Brosnahan Insurance Agency Accounts Payable (A/P) $900.00
01/30/2019 1 Journal -Split- Adjusting Entry, January $75.00

- You will see the Bill that you recorded and Journal Entry 1. For Journal Entry 1, rather than see the Account name, you see the word –Split- for the Journal entry. This means that the transaction was split between two or more accounts. In this case, Insurance and Prepaid Expenses were the accounts used.

Click **<Back to Chart of Accounts** (just above the words Asset Register)

Scroll down to the expense account Insurance, click **Run report**

On the Account QuickReport, click the drop-down list arrow for Report period, click **Custom**

Enter the date: From: **01/30/19** To: **01/30/19**, click **Run Report**

- The information for the Journal entry is shown.

Craig's Design and Landscaping Services

ACCOUNT QUICKREPORT

January 30, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	CLR	AMOUNT	BALANCE
Insurance								
01/30/2019	Journal Entry	1		Adjusting Entry, January	Insurance		75.00	75.00
Total for Insurance							$75.00	
TOTAL							$75.00	

Do not close the Test Drive Company, complete the next section

ADJUSTING ENTRIES: DEPRECIATION—DRILL

Equipment and other long-term assets lose value over their lifetime. Unlike supplies—where you can actually see, for example, the paper supply diminishing—it is very difficult to see how much of a truck has been *used up* during the month. To account for the fact that machines do wear out and need to be replaced, an adjustment is made for depreciation. This adjustment correctly matches the expenses of the period against the revenue of the period.

5

MEMO

DATE: January 30, 2019

Record a Journal Entry for the depreciation of the Truck, $110.

DRILL

Continue to use the **Test Drive Company**

Click the **Plus** icon; click **Journal Entry** in the Other column
Record a Journal Entry as instructed previously
Date: **01/30/19**, Journal Entry **2**
Line 1: CATEGORY, scroll through almost all the accounts until you see Depreciation at the end of the expense accounts
Click **Depreciation**, press **Tab**
Enter the DEBIT amount of **110**, tab to DESCRIPTION, enter **Adjusting Entry, January**

- Typically, depreciation would be entered once a year; however, in the text, we will be entering a monthly amount. The calculation to determine one month's depreciation would be the annual amount of $1,320 divided by 12 months to equal $110 per month.

Line 2: CATEGORY is **Truck:Depreciation**

- The Credits amount and Description should appear automatically.

Journal Entry #2 Help

01/30/2019 2

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Depreciation	110.00		Adjusting Entry, January	
2	Truck:Depreciation		110.00	Adjusting Entry, January	
	Total	110.00	110.00		

Click **Save and close** (Remember the keyboard shortcut of **Ctrl+Alt+D** may be used to Save and close the transaction)
Open the Chart of Accounts and view the effect of the adjusting entry for depreciation

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Truck	Fixed Assets	Vehicles	13,385.00		View register
Depreciation	Fixed Assets	Accumulated Depreciation	-110.00		View register
Original Cost	Fixed Assets	Vehicles	13,495.00		View register

- The amount of the Original Cost does not change. Accumulated Depreciation contains the amount of the adjusting entry. The overall Book Value of the asset is now $13,385, which reflects the value of the asset. (Original cost $13,495 minus the Depreciation $110 equals the Book Value $13,385.)

Scroll down to the Depreciation expense account, click **Run Report** in the ACTION column
Click the drop-down list arrow for Report period, click **Custom**
Enter the dates From: **013019** To: **013019**, click **Run Report**

Craig's Design and Landscaping Services
ACCOUNT QUICKREPORT
January 30, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	CLR	AMOUNT	BALANCE
Depreciation								
01/30/2019	Journal Entry	2		Adjusting Entry, January	Depreciation		110.00	110.00
Total for Depreciation							$110.00	
TOTAL							$110.00	

Do not close the Test Drive Company, complete the next section

PREPARE THE JOURNAL—DRILL

Once Journal Entries have been recorded, it is important to view them. As you learned in earlier chapters, even with the special ways in which transactions are entered in QuickBooks Online through invoices, bills, checks, etc., the Journal is still the book of original entry. All transactions recorded for the company may be viewed in the Journal report even if they were entered elsewhere. The Journal report may be viewed or printed at any time. Remember, Journal entries are the same as General Journal entries in manual accounting. The Journal entries and all the other transaction entries are displayed together in the Journal report.

DRILL

Continue to use the **Test Drive Company** and prepare the Journal report

Click **Reports** on the Navigation bar, scroll to the **For my accountant** category, and click **Journal**
Continue to the next section without entering any dates or other information in the Journal report

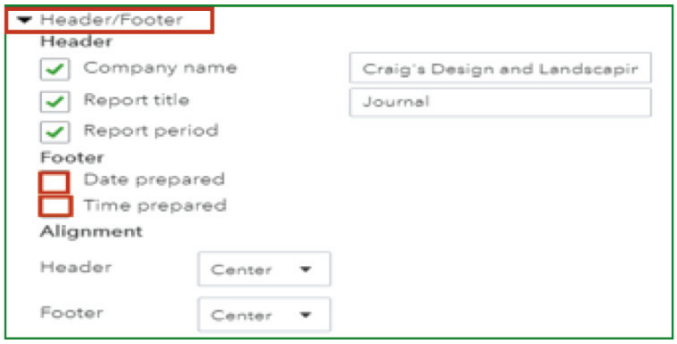
CUSTOMIZE, SAVE, AND ADD A REPORT TO CUSTOM REPORTS—DRILL

Whenever you prepare a report on a regular basis, it may be helpful to customize the report, save the customization, and add it list of Custom Reports. In this section, you will remove the Date Prepared and Time Prepared from the footer, save the customization, and then save the report in Custom Reports.

DRILL

Continue to use the **Test Drive Company** and customize the Journal report

With the Journal report on the screen, click the **Customize** button
On the Customize report screen, click the **Header/Footer** section to expand
Click the check boxes for Date prepared and Time prepared to remove the check marks

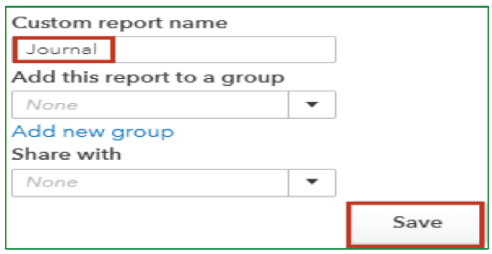


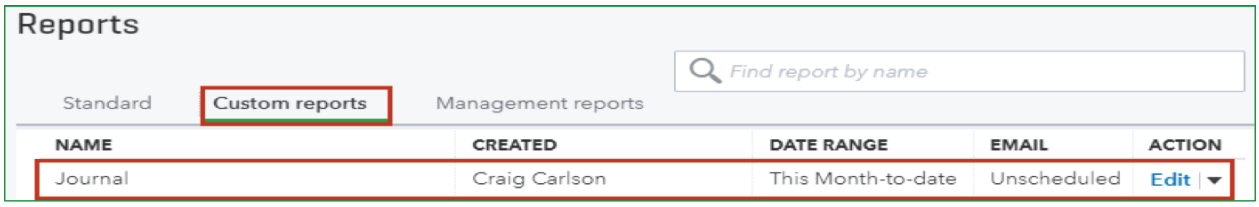
Click the **Run report** button on the Customize report screen
Click the **Save customization** button
The Custom report name should be **Journal**

- At this point, you will not add this to a group or share the Journal.

Click **Save**
Click **<Back to report list**
Click the **Custom reports** tab at the top of Reports

- You will see your customized report.





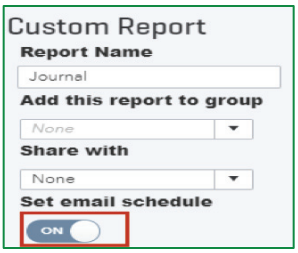
Do not close the Test Drive Company, continue to the next section

CREATE AN AUTOMATIC EMAIL SCHEDULE FOR A REPORT

Customized reports may be scheduled to be emailed on an automatic basis. For example, the Journal report that was customized may be scheduled to be sent to the owner on a monthly basis.

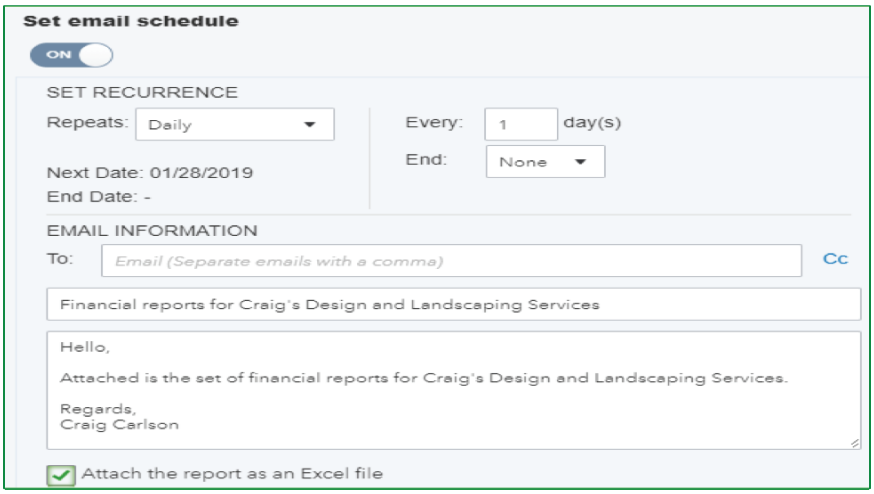
DRILL

Continue to use the **Test Drive Company** to create an automatic email schedule for the Journal report



Custom reports should be open, click **Edit** in the ACTION column for the Journal
Under **Set email schedule**, click the **OFF** button to change the selection to **ON**

- On this screen, you may set the schedule for Recurrence by indicating when it repeats, how often it is sent, the recipient, an email subject and message, and whether to attach the report as an Excel file.



Do not activate the automatic email schedule
Continue to the next section

PREPARE THE JOURNAL—DRILL

Prepare the Journal using the Custom Report.

DRILL

Prepare the Journal using the Custom Report

In Reports, click the **Custom reports** tab, click **Journal**
Enter the Dates From: **013019** and To: **013019**, click **Run Report**

Craig's Design and Landscaping Services
JOURNAL
January 30, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
01/30/2019	Bill		Brosnahan Insurance Agency		Accounts Payable (A/P)		$900.00
					Prepaid Expenses	$900.00	
						$900.00	$900.00
01/30/2019	Journal Entry	1		Adjusting Entry, January	Insurance	$75.00	
				Adjusting Entry, January	Prepaid Expenses		$75.00
						$75.00	$75.00
01/30/2019	Journal Entry	2		Adjusting Entry, January	Depreciation	$110.00	
				Adjusting Entry, January	Truck:Depreciation		$110.00
						$110.00	$110.00
TOTAL						$1,085.00	$1,085.00

- The transactions you entered for the insurance bill and the two adjusting entries should be shown. If you have additional transactions, it is because the Test Drive Company is programmed to change the transaction dates.

Click the **Printer icon** to view the report, scroll through the report, because you used your custom report, a footer will not be shown
Close the Test Drive Company

5

ADJUSTING ENTRIES: PREPAID EXPENSES—DO

As you learned in the drill, a prepaid expense is an item that is paid for in advance. Examples of prepaid expenses include: Insurance—policy is usually for six months or one year; Office Supplies—buy to have on hand and use as needed. (This is different from supplies that are purchased for immediate use.) In accrual-basis accounting, a Journal Entry is recorded at the end of the period to allocate the amount of prepaid expenses (assets) used to expenses.

MEMO
DATE: January 30, 2019

Calculate and record the monthly adjustment for Prepaid Insurance for your vehicle. (Annual premium of $1,200 is the balance of the Prepaid Insurance account.) Create a new expense account: Category Type: Expenses, Detail Type: Insurance, Name: Vehicle Insurance, Subaccount of: Insurance (an Expense account).

Record the adjusting entry for the amount of Sales Supplies used, $100.

After taking inventory, you calculate that you have $825 of Cleaning Supplies on hand. Record the adjusting entry.

DO

Open **Your Name's Beach Barkers** and record adjusting entries for prepaid expenses

Click the **Plus** icon
Click **Journal Entry** in the Other column
Enter the date: **01/30/19**, press **Tab**

- The Journal Entry number **1** is shown.

Click in the CATEGORY text box for Line 1

- This adjusting entry is to record the amount of Vehicle Insurance used for the month.

Click the drop-down list arrow, scroll through the accounts, there is no account for **Vehicle Insurance**

Click **+Add new**

Create a new expense account using the information in the Memo and following the same procedures detailed in previous chapters

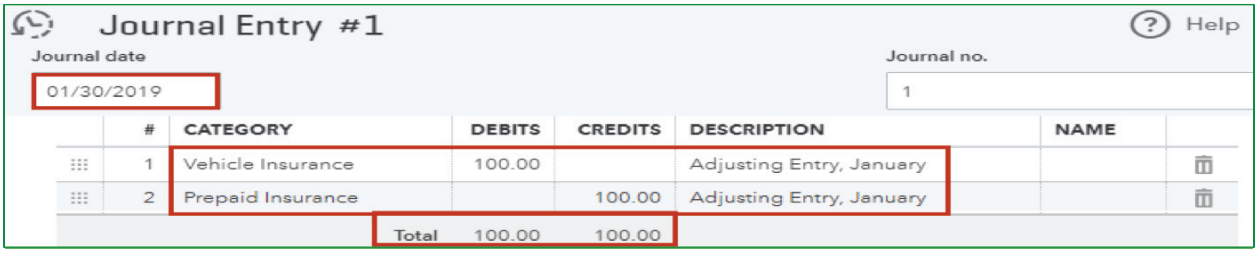
- Using the $1,200 in the Prepaid Insurance account for the one-year premium amount, calculate the amount of the adjusting entry: One-year premium ÷ months = amount:
  $1,200 ÷ 12 = $100

Tab to DEBITS, and enter the amount of the adjusting entry **100**

Tab to DESCRIPTION, enter **Adjusting Entry, January**

Tab to or click in CATEGORY text box in Line 2, scroll through the accounts, click **Prepaid Insurance**

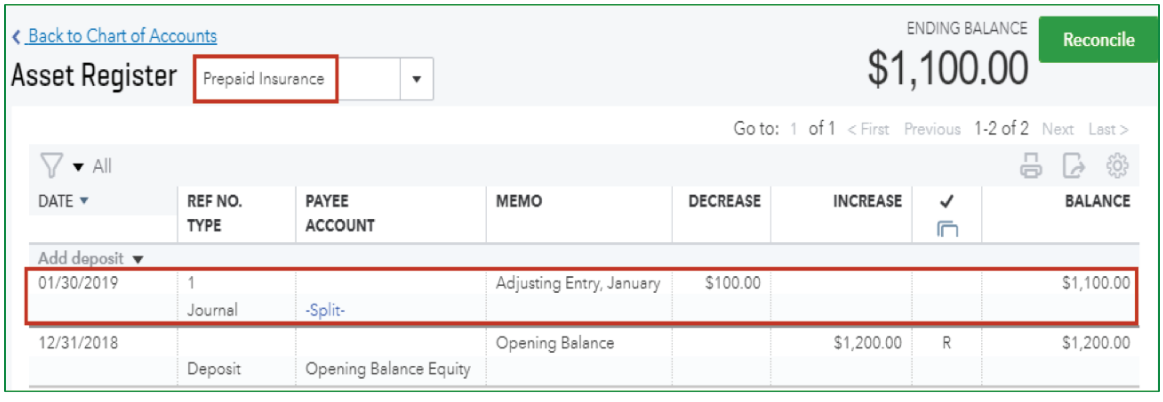
- The Credit of 100 and the Description are automatically entered by QuickBooks Online. If they do not appear automatically, simply enter them as instructed for the Debit entry.
- This adjusting entry decreases the asset Prepaid Insurance by $100 and increases the expense for Vehicle Insurance by $100.



Click **Save and close**

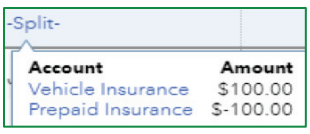
- If the Save command you want to use does not show, click the drop-down list, and then, click the correct command or use the keyboard shortcut of **Ctrl+Alt+D**.

Open the Chart of Accounts as previously instructed, and then click **View Register** for Prepaid Insurance


Back to Chart of Accounts
Asset Register
Prepaid Insurance
ENDING BALANCE
$1,100.00
Reconcile
Go to: 1 of 1 < First Previous 1-2 of 2 Next Last >
All
DATE REF NO. TYPE PAYEE ACCOUNT MEMO DECREASE INCREASE BALANCE
Add deposit
01/30/2019 1 Journal -Split- Adjusting Entry, January $100.00 $1,100.00
12/31/2018 Deposit Opening Balance Equity Opening Balance $1,200.00 R $1,200.00

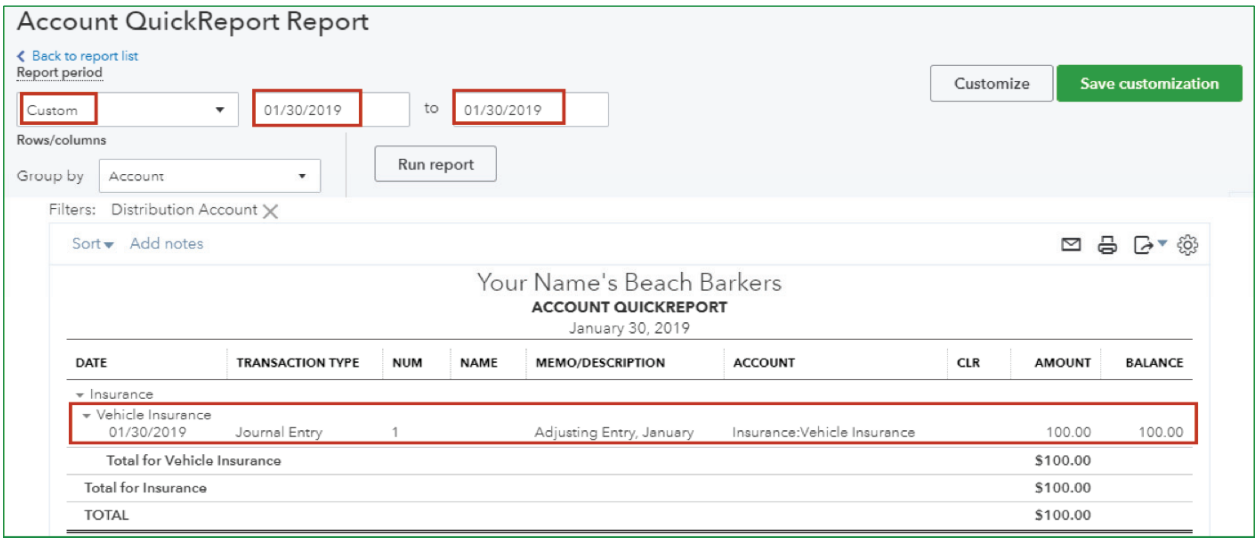
- You will see the Opening Balance for Prepaid Insurance and Journal Entry 1. Rather than see the Account name, you see the word –Split- for the Journal entry. This means that the transaction was split between two or more accounts. In this case, Vehicle Insurance and Prepaid Insurance were the accounts used.

Point to -Split-: you will see a popup showing the two accounts and transaction amounts.



- If you click the heading for **Date**, (you will see the 12/31/2018 transaction first), click it again to reverse and show the 01/30/2019 transaction first.

Click **<Back to Chart of Accounts** (just above the words Asset Register)
Scroll down to the Insurance Expense subaccount Vehicle Insurance, click **Run report**
On the Account QuickReport, click the drop-down list arrow for Report period, click **Custom** to select, then enter the date From: **01/30/19** To: **01/30/19**, click **Run Report**



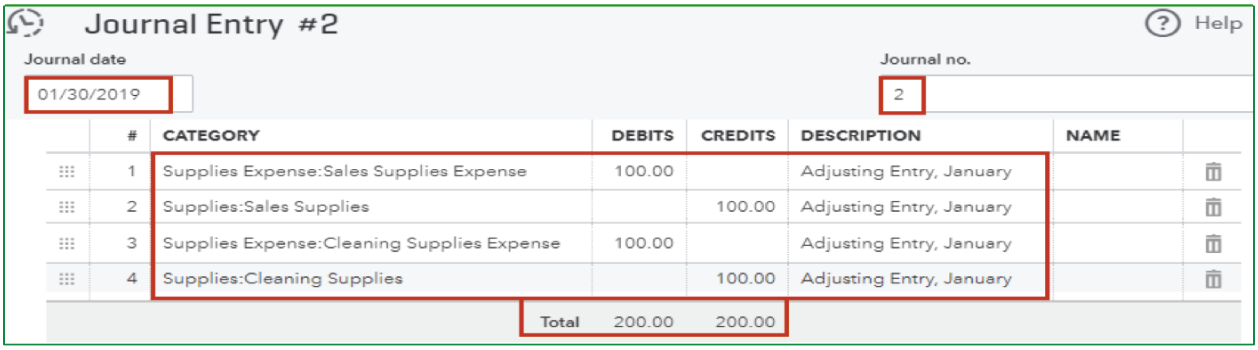
Reopen the Chart of Accounts
Prior to recording the next Journal Entry, calculate the amounts for the adjusting entry

- The transaction for Sales Supplies states that the amount of supplies used is $100. That is the amount of the adjustment to be recorded.
- The transaction for Cleaning Supplies states that there is $825 of supplies on hand. That is the amount that the account balance will be after the adjustment has been recorded.

With the Chart of Accounts open look at the balance of the asset Cleaning Supplies

- The account balance minus the amount of supplies on hand equals the amount of the adjusting entry. ($925 - $825 = $100)

Record Journal Entry 2 as a compound entry for the adjusting entries for Sales Supplies and Cleaning Supplies
Open Journal Entry as previously instructed
Date: **01/30/19**
Journal no.: **2**
Line 1: Category: **Sales Supplies Expense**, Debit: **100**, Description: **Adjusting Entry, January**
Line 2: Category: **Sales Supplies**, Credit: **100**, Description: **Adjusting Entry, January**
Line 3: Category: **Cleaning Supplies Expense**, Debit: **100**, Description: **Adjusting Entry, January**
Line 4: Category: **Cleaning Supplies**, Credit: **100**, Description: **Adjusting Entry, January**


Journal Entry #2

Help

Journal date: 01/30/2019

Journal no.: 2

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Supplies Expense:Sales Supplies Expense	100.00		Adjusting Entry, January	
2	Supplies:Sales Supplies		100.00	Adjusting Entry, January	
3	Supplies Expense:Cleaning Supplies Expense	100.00		Adjusting Entry, January	
4	Supplies:Cleaning Supplies		100.00	Adjusting Entry, January	
	Total	200.00	200.00		

Click **Save and new** or use the keyboard shortcut **Ctrl+Alt+S**
Do not close Your Name's Beach Barkers, complete the next section

ADJUSTING ENTRIES: DEPRECIATION—DO

Equipment and other long-term assets lose value over their lifetime. To account for the fact that machines wear out and need to be replaced, an adjustment is made for depreciation. This adjustment correctly matches the expenses of the period against the revenue of the period.

MEMO
DATE: January 30, 2019

Record a Journal Entry for one-month's depreciation of the Vehicle, $275.

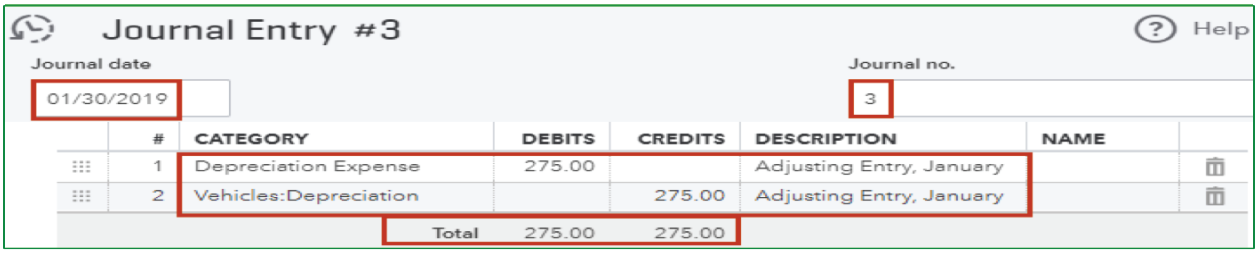
DO

Continue to use **Your Name's Beach Barkers**

Record a Journal Entry as instructed previously
Date: **01/30/19**, Journal Entry **3**
Line 1: Category: **Depreciation Expense**, Debit: **275**, Description: **Adjusting Entry, January**

- Typically, depreciation would be entered once a year; however, in the text, we will be entering a monthly amount. The calculation to determine one month's depreciation would be the annual amount of $3,300 divided by 12 months to equal $275 per month.

For Line 2, Category: **Vehicles:Depreciation**, Credit: **275**, Description: **Adjusting Entry, January**


Journal Entry #3

Help

Journal date: 01/30/2019

Journal no.: 3

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Depreciation Expense	275.00		Adjusting Entry, January	
2	Vehicles:Depreciation		275.00	Adjusting Entry, January	
	Total	275.00	275.00		

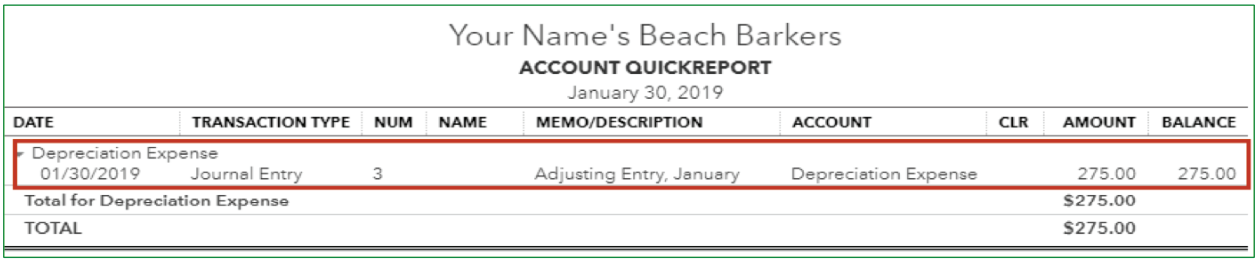
Click **Save and close** (Ctrl+Alt+D)
Return to the Chart of Accounts and view the effect of the adjusting entry for depreciation

Vehicles	Fixed Assets	Vehicles	28,525.00
Depreciation	Fixed Assets	Accumulated Depreciation	-3,475.00
Original cost	Fixed Assets	Vehicles	32,000.00

- The amount of the Original Cost does not change. Accumulated Depreciation contains the amount of the adjusting entry. The overall Book Value of the asset is now $28,525, which reflects the value of the asset: Original cost $32,000 minus Depreciation $3,475 (Depreciation Opening Balance $3,200 plus adjusting entry $275) equals the Book Value $28,525.

Scroll down to the Depreciation Expense account, click **Run Report**

Select **Custom** for the Report period, enter the dates From: **013019** To: **013019**, click **Run Report**



Your Name's Beach Barkers
ACCOUNT QUICKREPORT
January 30, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	CLR	AMOUNT	BALANCE
Depreciation Expense								
01/30/2019	Journal Entry	3		Adjusting Entry, January	Depreciation Expense		275.00	275.00
Total for Depreciation Expense							$275.00	
TOTAL							$275.00	

Close Your Name's Beach Barkers

5

EDIT, CREATE, AND TRANSFER BALANCES FOR EQUITY ACCOUNTS—DRILL

When a company is created in QuickBooks Online, all of the values of the opening balances are entered into the Opening Balance Equity account. Other than Retained Earnings, the Test Drive Company does not show any other Equity accounts. Typically, you will have owner's equity accounts for the owner's investment and drawing accounts. In QuickBooks Online, Opening Balance Equity cannot have subaccounts so the Owner's Equity section needs to have accounts created and amounts transferred.

MEMO
DATE: January 30, 2019 The original deposit to Checking should have been $35,000 not $5,000. Edit the transaction.
The Opening Balance for Notes Payable should have been $5,000 not $25,000. Edit the transaction.
Create a new account: Type: Equity; Detail Type: Owner's Equity; Name: Your Name, Capital.
Create two additional equity accounts: Type: Equity; Detail Type: Owner's Equity; Name: Your Name, Investment; Subaccount of: Your Name, Capital; and Type: Equity; Detail Type: Owner's Equity; Name: Your Name, Drawing; Subaccount of: Your Name, Capital.
Transfer the amount of the Opening Balance Equity account to Your Name, Capital and Your Name, Investment.

DRILL

Open the **Test Drive Company** to edit transactions, add accounts, and transfer the balance of the Opening Balance Equity account to Capital accounts

Edit Transactions

Sometimes, the information shown in the Test Drive Company needs to be changed in order to facilitate the presentation of concepts and functions in QuickBooks Online.

Edit transactions for Opening Balance Equity

In the Chart of Accounts open the Register for Opening Balance Equity

- Scroll through all of the transactions until you get to the very last entry, the Deposit for Checking for $5,000.

Click the **Transaction**
Click the **Edit** button
Change the 5,000 shown in New Deposits to **35,000**
Click **Save and close** on the Deposit form
Click **Yes** on the message regarding editing a transaction that has been reconciled

- Note that you were returned to the Account Register and the transaction was changed to show 35,000.

Scroll through the Opening Balance Equity Register to the Opening Balance for $25,000
Point to the word **-Split-**

- The two accounts used in the transaction will appear on a pop-up screen. They are: Notes Payable and Opening Balance Equity.

Click the **Transaction**
Click the **Edit** button, change the entries for Debits and Credits to **5,000**
Click **Save and close**
Click **Yes** on the message for editing a transaction that has been reconciled

- Note that you were returned to the Account Register and the transaction was changed to show 5,000.

Click **<Back to Chart of Accounts**, located just above the words Equity Register
Continue using the Test Drive Company to complete the next section

Add Equity Accounts

When a company is created, it may not have all of the accounts you need or want. New accounts may be added at any time.

Add Equity accounts

Click **New** at the top of the Chart of Accounts
Add the new equity account: **Your Name, Capital**
Category Type: **Equity**
Detail Type: **Owner's Equity**
Name: **Your Name, Capital**

- Use your real name.

Click **Save and new**
Add two additional equity accounts: Type: **Equity**, Detail Type: **Owner's Equity**, Name: **Your Name, Investment** and **Your Name, Drawing**, Subaccounts of **Your Name, Capital** using the information provided in the Memo

- Use your actual name instead of Your Name in the accounts.
- There are no opening balances for the accounts.

Click **Save and close** after creating the last account
View the Equity section in the Chart of Accounts

Opening Balance Equity	Equity	Opening Balance Equity	40,662.50	View register
Retained Earnings	Equity	Retained Earnings	0.00	Run report
Your Name, Capital	Equity	Owner's Equity	0.00	View register
Your Name, Drawing	Equity	Owner's Equity	0.00	View register
Your Name, Investment	Equity	Owner's Equity	0.00	View register

Continue using the Test Drive Company to complete the next section

Transfer Opening Balance Equity into Capital Accounts

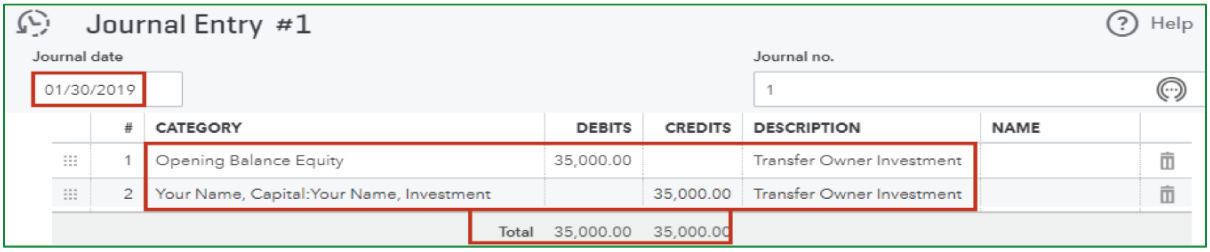
Once you have the appropriate capital accounts, you may transfer the amount of the owner's original investment into the Your Name, Investment account. Then, transfer the remaining balance in the Opening Balance Equity account into Your Name's Capital.

Create Journal Entries to transfer the owner's original investment and the Opening Balance Equity into the appropriate Capital accounts

Open Journal Entry as previously instructed
Date: **013019**
Line 1: Category: **Opening Balance Equity**, Debit: **35,000**, Description: **Transfer Owner Investment**

- Because this was used as your only equity/capital account it will have a credit balance. Transferring the owner's investment will decrease the balance of the account. That is done by debiting Opening Balance Equity.

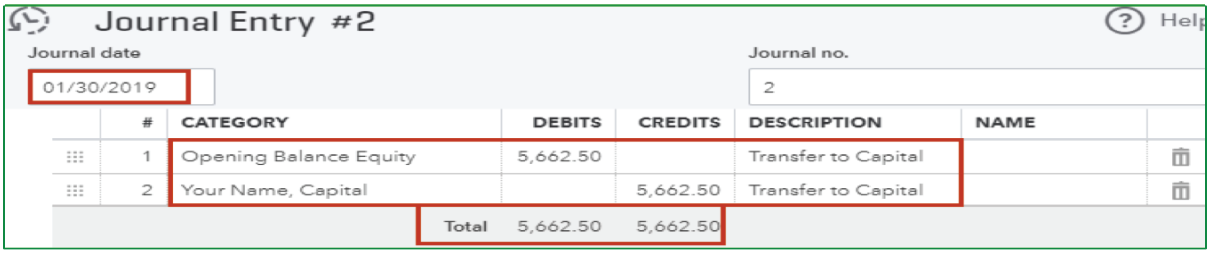
Line 2: Category: **Your Name, Investment**, Credit: **35,000**, Description: **Transfer Owner Investment**



Click **Save and close**
View the results of the transaction:

Opening Balance Equity	Equity	Opening Balance Equity	5,662.50
Retained Earnings	Equity	Retained Earnings	
Your Name, Capital	Equity	Owner's Equity	35,000.00
Your Name, Drawing	Equity	Owner's Equity	0.00
Your Name, Investment	Equity	Owner's Equity	35,000.00

Follow the steps presented and record another Journal Entry to transfer the remaining amount of Opening Balance Equity, 5,662.50, to Your Name, Capital


Journal Entry #2

Journal date: 01/30/2019 Journal no.: 2

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Opening Balance Equity	5,662.50		Transfer to Capital	
2	Your Name, Capital		5,662.50	Transfer to Capital	
	Total	5,662.50	5,662.50		

Click **Save and close**
View the results of the transaction

Opening Balance Equity	Equity	Opening Balance Equity	0.00
Retained Earnings	Equity	Retained Earnings	
Your Name, Capital	Equity	Owner's Equity	40,662.50
Your Name, Drawing	Equity	Owner's Equity	0.00
Your Name, Investment	Equity	Owner's Equity	35,000.00

- The balance of Opening Balance Equity is now 0.00, which indicates that all of the equity entered for opening balances when the company was created has now been transferred into the Capital account.
- The amount of the original investment, $35,000, shows in Your Name, Investment, a subaccount of Your Name, Capital.
- The balance of Your Name, Capital is equal to the previous balance for Opening Balance Equity, $40,665.50.

Do not close the Test Drive Company, continue and complete the next section

OWNER WITHDRAWALS—DRILL

In a sole proprietorship an owner cannot receive a paycheck because he or she owns the business. An owner withdrawing money from a business—even to pay personal expenses—is similar to withdrawing money from a savings account. A withdrawal simply decreases the owner's capital. QuickBooks Online allows you to establish a separate account for owner withdrawals. If a separate account is not established, owner withdrawals may be subtracted directly from the owner's capital account.

MEMO
DATE: January 30, 2019

Record the monthly withdrawal of $1,000.

DRILL

Continue to use the **Test Drive Company** to record an owner withdrawal

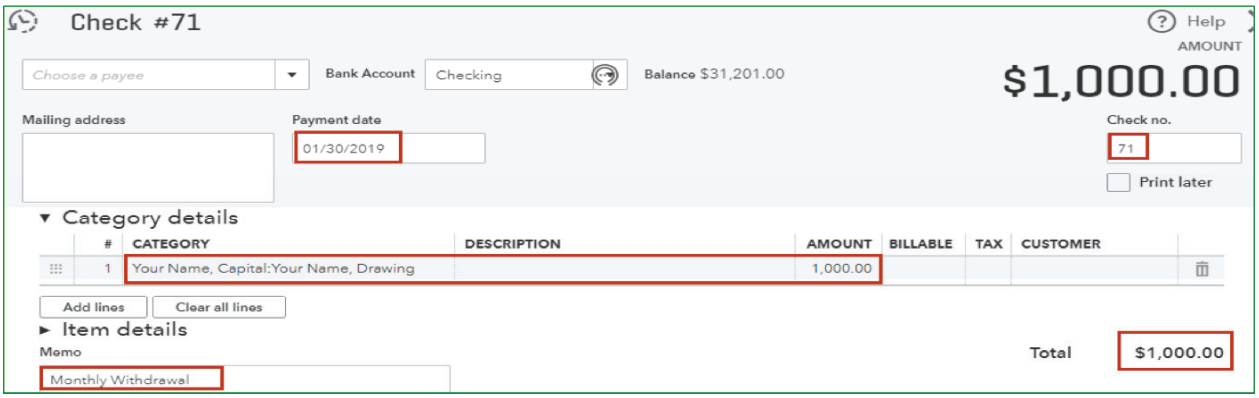
- If you did not continue training immediately after completing the previous section, you will have to re-enter the account for Your Name, Capital and Your Name, Drawing. Your Equity section will not match the one shown below, but you will be able to practice entering an owner withdrawal.

Click the **Plus** icon, click **Check** in the Vendors column

Since the owner is not a customer, vendor, or employee, leave the Payee blank
Use **Checking** to pay the check
Payment date: **013019**

- If **Print later** is marked, click to remove the check mark. Enter 71 for Check no.

Line 1: Category: **Your Name, Drawing**, Amount: **1,000**
Memo: **Monthly Withdrawal**



Click **Save and close**
Return to the Chart of Accounts and view the Equity section

Opening Balance Equity	Equity	Opening Balance Equity	0.00
Retained Earnings	Equity	Retained Earnings	
Your Name, Capital	Equity	Owner's Equity	39,662.50
Your Name, Drawing	Equity	Owner's Equity	-1,000.00
Your Name, Investment	Equity	Owner's Equity	35,000.00

Do not close the Test Drive Company, continue and complete the next section

CASH INVESTMENT BY OWNER—DRILL

An owner may decide to invest more of his or her personal cash in the business at any time. The new investment is entered into the owner's investment account and into cash. The investment should be recorded in a Journal Entry.

MEMO
DATE: January 30, 2019

Record an additional cash investment of $3,000.

DRILL

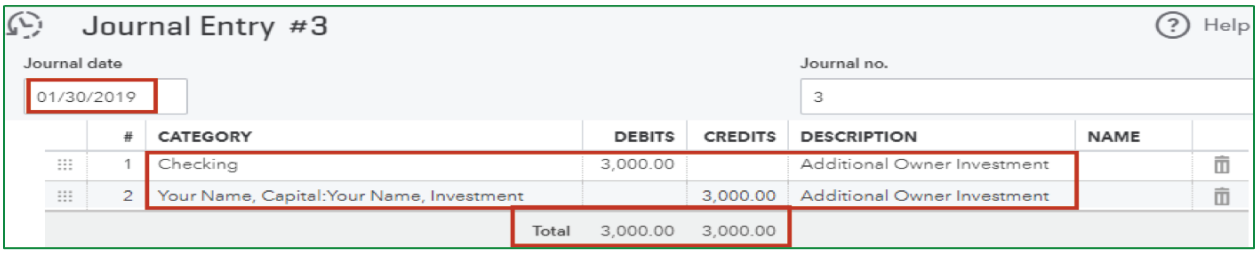
Continue to use the **Test Drive Company** to record a cash investment by the owner

Prepare a Journal Entry as previously instructed using the information in the Memo
Transaction Accounts: **Checking** and **Your Name, Investment**

- If you did not continue training immediately after completing the previous section, you will have to re-enter the accounts for Your Name, Capital and Your Name, Investment.

Your Equity section will not match the one shown below, but you will be able to practice entering an owner's additional investment.

Transaction Description: **Additional Owner Investment**



Click **Save and close**

Return to the Chart of Accounts and view the Equity section

Your Name, Capital Equity Owner's Equity 42,662.50
Your Name, Drawing Equity Owner's Equity -1,000.00
Your Name, Investment Equity Owner's Equity 38,000.00

- Notice that the balance of Your Name, Investment increased by $3,000.

Do not close the Test Drive Company, continue and complete the next section

NON-CASH INVESTMENT BY OWNER—DRILL

In addition to a cash investment, an owner may make non-cash investments; such as, reference books, equipment, tools, buildings, and so on. Additional investments by an owner are added to owner's equity. In the case of a sole proprietorship, the investment is added to the Capital account for Investments.

MEMO

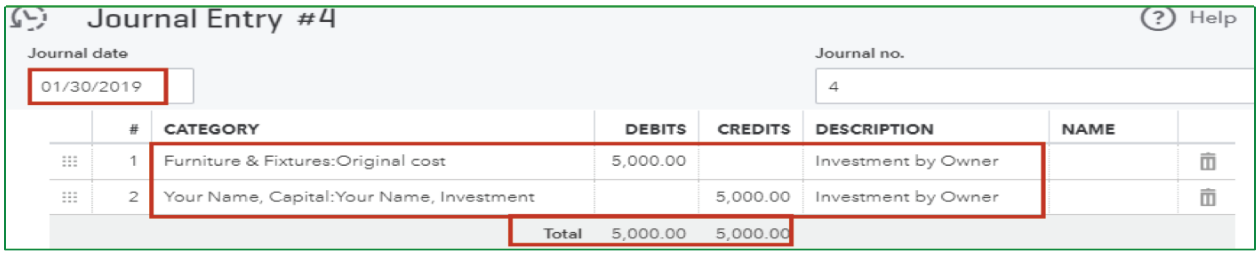
DATE: January 30, 2019

Record an investment of $5,000 worth of office furniture.

DRILL

Continue to use the **Test Drive Company** and record a non-cash investment by the owner

Create a new fixed asset account for Furniture
Click **New** at the top of the Chart of Accounts
Category Type: **Fixed Assets**, Detail Type: **Furniture & Fixtures**, Name: **Furniture**
Click **Track depreciation of this asset** to select
Original Cost: **0.00**, as of: **013019**
Depreciation: **0.00**, as of: **013019**
Click **Save and Close**
Prepare a Journal Entry as previously instructed using the information in the Memo
Transaction Accounts: **Furniture: Original Cost** and **Your Name, Investment**
Description: **Investment by Owner**


Journal Entry #4

Help

Journal date: 01/30/2019

Journal no.: 4

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Furniture & Fixtures:Original cost	5,000.00		Investment by Owner	
2	Your Name, Capital:Your Name, Investment		5,000.00	Investment by Owner	
	Total	5,000.00	5,000.00		

Click **Save and close**
Do not close the Test Drive Company, continue and complete the next section

PREPARE THE JOURNAL—DRILL

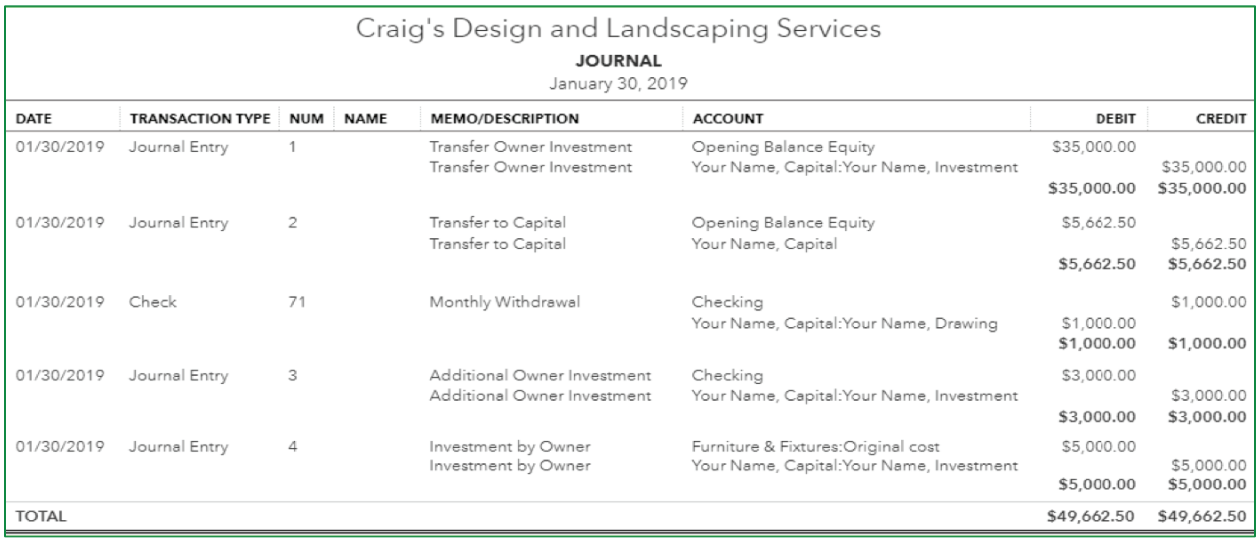
Once Journal Entries have been recorded, it is important to view them. All the transactions recorded for Owner's Equity for January 30, 2019 will show in the Journal.

DRILL

Continue to use the **Test Drive Company** and prepare the Journal

Go to Reports, scroll to the **For my accountant** category, click **Journal**
Enter the Dates From: **01/30/19** To: **01/30/19**, press **Tab**

- All the transactions entered on January 30, 2019 for Owner's Equity will be shown. If you have other transactions shown as well, it may be due to the Test Drive Company automatically changing transaction dates. Disregard transactions that you did not enter.
- Note: If you see information with **....** That means that it is not shown in full on the screen. It will show in full when printed.


Craig's Design and Landscaping Services

JOURNAL

January 30, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
01/30/2019	Journal Entry	1		Transfer Owner Investment	Opening Balance Equity	$35,000.00	
				Transfer Owner Investment	Your Name, Capital:Your Name, Investment		$35,000.00
						$35,000.00	**$35,000.00**
01/30/2019	Journal Entry	2		Transfer to Capital	Opening Balance Equity	$5,662.50	
				Transfer to Capital	Your Name, Capital		$5,662.50
						$5,662.50	**$5,662.50**
01/30/2019	Check	71		Monthly Withdrawal	Checking		$1,000.00
					Your Name, Capital:Your Name, Drawing	$1,000.00	
						$1,000.00	**$1,000.00**
01/30/2019	Journal Entry	3		Additional Owner Investment	Checking	$3,000.00	
				Additional Owner Investment	Your Name, Capital:Your Name, Investment		$3,000.00
						$3,000.00	**$3,000.00**
01/30/2019	Journal Entry	4		Investment by Owner	Furniture & Fixtures:Original cost	$5,000.00	
				Investment by Owner	Your Name, Capital:Your Name, Investment		$5,000.00
						$5,000.00	**$5,000.00**
TOTAL						**$49,662.50**	**$49,662.50**

Close the Test Drive Company

CREATE AND TRANSFER BALANCES FOR EQUITY ACCOUNTS—DO

When Your Name's Beach Barkers was created in QuickBooks Online, all of the values of the opening balances were entered into the Opening Balance Equity account. Other than Retained

Earnings, there are no other equity accounts. Owner's equity accounts for the owner's investment and drawing accounts need to be added. In QuickBooks Online, Opening Balance Equity cannot have subaccounts so new Owner's Equity accounts will be created and amounts will be transferred.

MEMO
DATE: January 30, 2019

Create a new account: Type: Equity; Detail Type: Owner's Equity; Name: Your Name, Capital.

Create two additional equity accounts: Type: Equity; Detail Type: Owner's Equity; Name, Your Name, Investment; Subaccount of: Your Name, Capital; and Type: Equity; Detail Type: Owner's Equity; Name: Your Name, Drawing; Subaccount of: Your Name, Capital.

Transfer the balance of the Opening Balance Equity account to Your Name, Capital and Your Name, Investment.

DO

Open **Your Name's Beach Barkers** to edit transactions, add accounts, and transfer the balance of the Opening Balance Equity account to Capital accounts

Add Equity Accounts

Add Equity accounts

Open the Chart of Accounts and click the **New** button at the top
Add the new equity account: **Your Name, Capital**
Category Type: **Equity**
Detail Type: **Owner's Equity**
Name: **Your Name, Capital**

- Use your actual name in the account not the words Your Name.

Click **Save and new**
Add two additional equity accounts: Your Name, Investment and Your Name, Drawing using the information provided in the Memo

- Use your real name.
- Both accounts are Subaccounts of Your Name, Capital.
- There are no opening balances for the accounts.

Click **Save and close** after creating the last account
View the Equity section in the Chart of Accounts

- If your Equity accounts are shown in a different order, do not be concerned. The equity accounts are shown in alphabetical order. If your name begins with a letter before O, your capital accounts will be shown first.

Opening Balance Equity	Equity	Opening Balance Equity	142,362.50
Retained Earnings	Equity	Retained Earnings	
Your Name, Capital	Equity	Owner's Equity	0.00
Your Name, Drawing	Equity	Owner's Equity	0.00
Your Name, Investment	Equity	Owner's Equity	0.00

Continue using Your Name's Beach Barkers to complete the next section

Transfer Opening Balance Equity into Capital Accounts

Once you have the appropriate capital accounts, you may transfer the amount of the owner's original investment into the Your Name, Investment account. Then, transfer the remaining balance in Opening Balance Equity into Your Name, Capital.

Create a compound Journal Entry 4 to transfer the owner's original investment and the Opening Balance Equity into the appropriate Capital accounts

View the Register for Opening Balance Equity
Scroll through the register until you find the Deposit transaction for Checking

- The amount shown, $45,385.00, is the amount of your original investment.

Open Journal Entry as previously instructed
Date: **013019**
Journal no.: **4**
Line 1: Category: **Opening Balance Equity**, Debit: **142,362.50**, Description: **Close Opening Balance Equity**

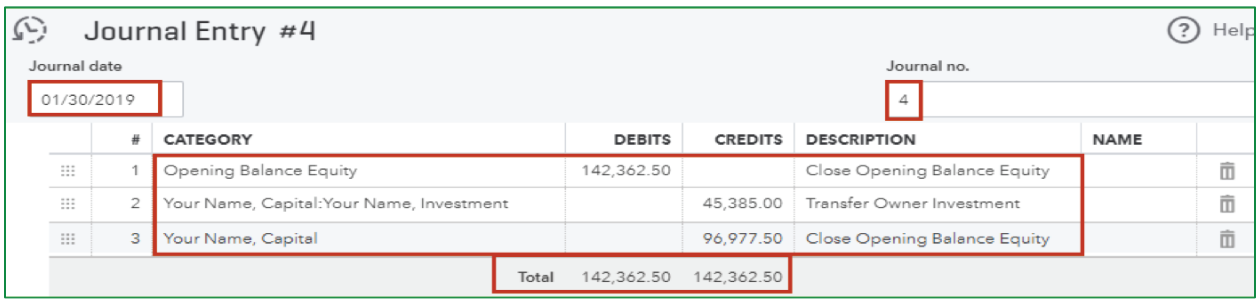
- Because this was used as your only equity/capital account it will have a credit balance. You debit Opening Balance Equity to remove the balance, which will close the account.

Line 2: Category: **Your Name, Investment**, Credit: **45,385.00**, Description: **Transfer Owner Investment**

- The amount entered for the credit increases the investment account balance.

Line 3: Category: **Your Name, Capital**, Credit: **96,977.50**, Description: **Close Opening Balance Equity**

- QuickBooks calculates the amount in Line 3 by subtracting the investment of $45,385.00 from the Opening Balance Equity of $142,362.50.
- The amount of Opening Balance Equity that was not the owner's original investment is transferred into Your Name, Capital. This increases the account balance.


Journal Entry #4

Journal date: 01/30/2019 | Journal no.: 4

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Opening Balance Equity	142,362.50		Close Opening Balance Equity	
2	Your Name, Capital:Your Name, Investment		45,385.00	Transfer Owner Investment	
3	Your Name, Capital		96,977.50	Close Opening Balance Equity	
	Total	142,362.50	142,362.50		

Click **Save and close**
If you return to the account register, click **<Back to the Chart of Accounts**
View the results of the transaction

- Because QBO generally alphabetizes account names within a category, equity for example, the accounts with your real name may be shown before Opening Balance Equity.

Opening Balance Equity	Equity	Opening Balance Equity	0.00
Retained Earnings	Equity	Retained Earnings	
Your Name, Capital	Equity	Owner's Equity	142,362.50
Your Name, Drawing	Equity	Owner's Equity	0.00
Your Name, Investment	Equity	Owner's Equity	45,385.00

5

- The balance of Opening Balance Equity is now 0.00, which indicates that all of the equity entered for opening balances when the company was created has now been transferred into the Capital account.
- The amount of the original investment, $45,385.00, shows in Your Name, Investment, a subaccount of Your Name, Capital.
- The balance of Your Name, Capital is equal to the previous balance for Opening Balance Equity, $142,362.50.

Do not close Your Name's Beach Barkers, continue and complete the next section

OWNER WITHDRAWALS—DO

In a sole proprietorship an owner cannot receive a paycheck because he or she owns the business. A withdrawal decreases the owner's capital whenever the owner withdraws money from the business. QuickBooks Online allows you to establish a separate account for owner withdrawals. If a separate account is not established, owner withdrawals may be subtracted directly from the owner's capital account.

MEMO
DATE: January 30, 2019

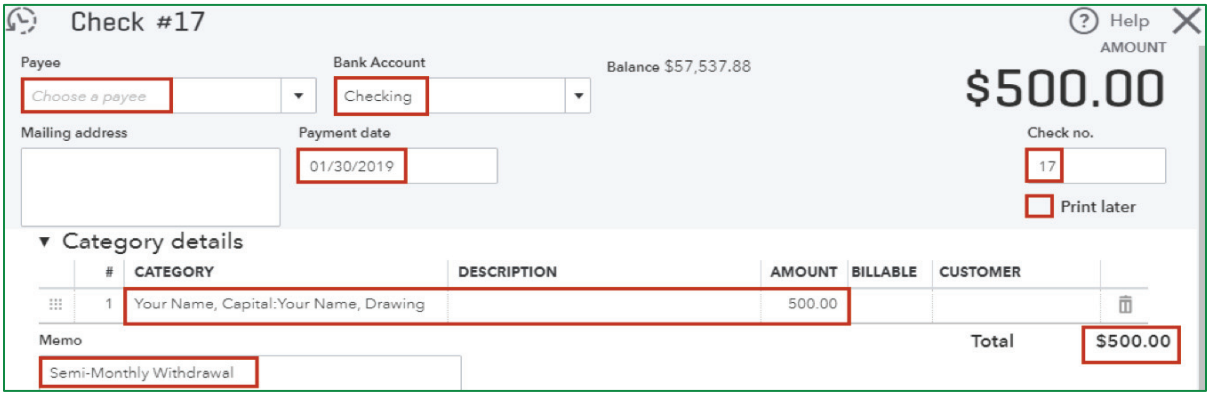
Record your semi-monthly withdrawal of $500.

DO

Continue to use **Your Name's Beach Barkers** and record an owner withdrawal

Prepare Check 17 for the Semi-Monthly Withdrawal as previously instructed
Click the **Plus** icon; click **Check** in the Vendors column
Since the owner is not a customer, vendor, or employee, leave the Payee blank
Use **Checking** to pay the check
Payment date: **013019**
Click **Print later** to remove the check mark
Check No. **17**

- The check number 17 should automatically appear, if not, enter the number.



Click **Print check**, click **Preview and print**, print the check

- If you save the check as a pdf file, name it **1-Your Name Ck 17 Ch 5**

Click **Close** on Print Preview, click **Done** on Checks Print OK, click **Cancel** on the print check screen
Return to the Chart of Accounts and view the Equity section

Your Name, Capital	Equity	Owner's Equity	141,862.50
Your Name, Drawing	Equity	Owner's Equity	-500.00
Your Name, Investment	Equity	Owner's Equity	45,385.00

Do not close Your Name's Beach Barkers

CASH INVESTMENT BY OWNER—DO

An owner may make additional investments in the business at any time. A cash investment is entered into the owner's investment account and into cash. Since an additional investment is made by the owner and there are no business forms available for owner investments, a Journal Entry is recorded.

5

MEMO
DATE: January 30, 2019

You had a Certificate of Deposit that matured. Rather than keep the money in your personal bank account, you invested the $3,000 into Your Name's Beach Barkers.

DO

Continue to use **Your Name's Beach Barkers** to record a cash investment by the owner

Prepare Journal Entry 5 as previously instructed
Transaction Description: **Additional Owner Investment**

Journal date: 01/30/2019 Journal no.: 5

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION
1	Checking	3,000.00		Additional Owner Investment
2	Your Name, Capital:Your Name, Investment		3,000.00	Additional Owner Investment
	Total	3,000.00	3,000.00	

Click **Save and close**
Return to the Chart of Accounts and view the Equity section

Your Name, Capital	Equity	Owner's Equity	144,862.50
Your Name, Drawing	Equity	Owner's Equity	-500.00
Your Name, Investment	Equity	Owner's Equity	48,385.00

- Notice that the balance of Your Name, Investment and Your Name, Capital accounts increased by $3,000.

Do not close Your Name's Beach Barkers

NON-CASH INVESTMENT BY OWNER—DO

In addition to a cash investment, an owner may make non-cash investments. Additional investments by an owner are added to owner's equity. In the case of a sole proprietorship, the investment is added to the Capital account Your Name, Investments.

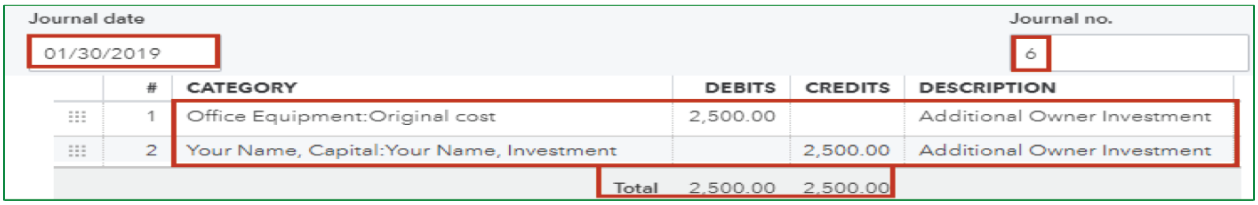
MEMO
DATE: January 30, 2019

You just purchased a new computer and printer. Rather than use them at home, you decided to invest them in Your Name's Beach Barkers. Record an investment of $2,500 worth of Office Equipment.

DO

Continue to use **Your Name's Beach Barkers** and record a non-cash investment

Prepare Journal Entry 6 as previously instructed
Transaction Accounts: **Office Equipment: Original Cost** and **Your Name, Investment**
Description: **Additional Owner Investment**



Journal date: 01/30/2019 Journal no.: 6

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION
1	Office Equipment:Original cost	2,500.00		Additional Owner Investment
2	Your Name, Capital:Your Name, Investment		2,500.00	Additional Owner Investment
	Total	2,500.00	2,500.00	

Click **Save and close**
Return to the Chart of Accounts and view the Equity section

Your Name, Capital	Equity	Owner's Equity	147,362.50
Your Name, Drawing	Equity	Owner's Equity	-500.00
Your Name, Investment	Equity	Owner's Equity	50,885.00

- Notice that the balance of Your Name, Investment and Your Name, Capital increased by $2,500.

Do not close Your Name's Beach Barkers

PREPARE AND CUSTOMIZE THE JOURNAL—DO

All the transactions recorded for adjusting entries and for Owner's Equity for January 30, 2019 will show in the Journal report.

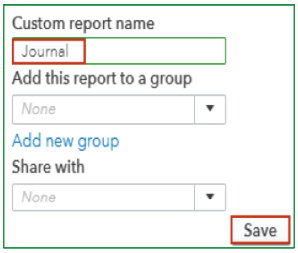
DO

Continue to use **Your Name's Beach Barkers** to prepare the Journal report

Prepare the **Journal** report as previously instructed
Immediately click the **Customize** button

Either right-align or remove the Date Prepared and Time Prepared from the Footer
Click the **Save Customization** button

- Customizing in this order saves the removal of the Date and Time Prepared (or the right alignment of the footer) and nothing else. If you change the dates before saving the customizations, the date range will be saved as well. Since you do not want your report to use the dates for January 1-30, 2019 every time it is prepared, it is important to use the sequence presented above for customization.

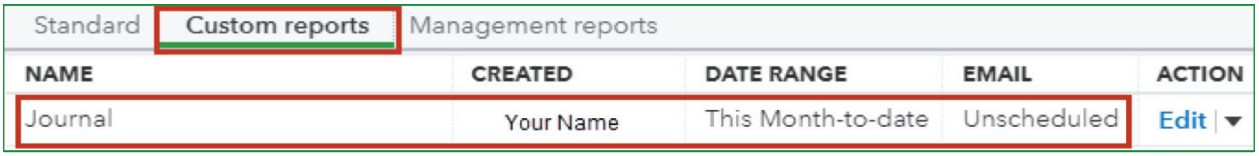


Custom report name is **Journal**, click **Save**

- Each report, such as the Journal, Balance Sheet, etc., must be customized individually.

Click **<Back to report list**
Click **Custom reports**

- You now have a customized Journal for use.



To prepare the customized report, click **Journal** in the Custom reports list
Enter the Dates From: **01/30/19** To: **01/30/19**, press **Tab**

- Notice the customized report either shows the footer as right-aligned or there is no footer.

Your Name's Beach Barkers
JOURNAL
January 30, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
01/30/2019	Journal Entry	1		Adjusting Entry, January	Insurance:Vehicle Insurance	$100.00	
				Adjusting Entry, January	Prepaid Insurance		$100.00
						$100.00	**$100.00**
01/30/2019	Journal Entry	2		Adjusting Entry, January	Supplies Expense:Sales Supplies Expense	$100.00	
				Adjusting Entry, January	Supplies:Sales Supplies		$100.00
				Adjusting Entry, January	Supplies Expense:Cleaning Supplies Expense	$100.00	
				Adjusting Entry, January	Supplies:Cleaning Supplies		$100.00
						$200.00	**$200.00**
01/30/2019	Journal Entry	3		Adjusting Entry, January	Depreciation Expense	$275.00	
				Adjusting Entry, January	Vehicles:Depreciation		$275.00
						$275.00	**$275.00**
01/30/2019	Journal Entry	4		Close Opening Balance Equity	Opening Balance Equity	$142,362.50	
				Transfer Owner Investment	Your Name, Capital:Your Name, Investment		$45,385.00
				Close Opening Balance Equity	Your Name, Capital		$96,977.50
						$142,362.50	**$142,362.50**
01/30/2019	Check	17		Semi-Monthly Withdrawal	Checking		$500.00
					Your Name, Capital:Your Name, Drawing	$500.00	
						$500.00	**$500.00**
01/30/2019	Journal Entry	5		Additional Owner Investment	Checking	$3,000.00	
				Additional Owner Investment	Your Name, Capital:Your Name, Investment		$3,000.00
						$3,000.00	**$3,000.00**
01/30/2019	Journal Entry	6		Additional Owner Investment	Office Equipment:Original cost	$2,500.00	
				Additional Owner Investment	Your Name, Capital:Your Name, Investment		$2,500.00
						$2,500.00	**$2,500.00**
TOTAL						**$148,937.50**	**$148,937.50**

Print in landscape orientation, export, and/or send/submit the report as previously instructed

- If you save or export it to Excel, name it: **2-Your Name Journal Ch 5**

Do not close Your Name's Beach Barkers

PREPARE AND CUSTOMIZE THE BALANCE SHEET—DO

A Balance Sheet proves the fundamental accounting equation: Assets = Liabilities + Owner's Equity. When the adjustments for the period have been recorded, a balance sheet should be prepared. The Balance Sheet shows information as of the report date. Account balances and subtotals are provided for the balance sheet accounts—assets, liabilities, and equity.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Balance Sheet report

Click **<Back to report list**, click the **Standard** tab, look at the reports shown in the **Favorites** category

- The two favorites shown were added by QBO. If you prepare certain reports frequently without customizing them, you may add them to the Favorites category by clicking the star next the report in its regular report category.

Click **Balance Sheet** in the Favorites category

Customize the report footer, run the report then save the customized report as **Balance Sheet**

Do not exit the report, enter the Dates From: **010119** To: **013019**, click **Run Report**

- Sometimes, you may want more summarized information. If you do not want to see all the individual account balances, the report may be collapsed.

Click the headings for **Current Assets** and **Fixed Assets** to collapse

- You will see totals for the Current Assets, Fixed Assets, and Total Assets.

Click **Current Liabilities**, **Long-Term Liabilities**, and **Equity** to collapse

- You will see totals for Current Liabilities, Equity, and Total Liabilities and Equity.

Expand the categories by clicking each collapsed category

This will display all information in full

- Notice that Total Assets of $180,430.98 equal the Total Liabilities and Equity.
- As you review the Equity section in the expanded report, you will see that Opening Balance Equity is 0.00. Your Name, Capital shows $96,977.50, Drawing is -$500, and Investment is $50,885.00. You will also see amounts in Retained Earnings and in Net Income. These will be discussed later in the chapter.

Your Name's Beach Barkers

BALANCE SHEET

As of January 30, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking	60,037.88
Petty Cash	107.08
Total Bank Accounts	**$60,144.96**
Accounts Receivable	
Accounts Receivable (A/R)	14,930.00
Total Accounts Receivable	**$14,930.00**
Other Current Assets	
Inventory Asset	29,012.50
Prepaid Insurance	1,100.00
Supplies	
Cleaning Supplies	825.00
Kennel Supplies	2,084.00
Office Supplies	753.68
Sales Supplies	400.00
Total Supplies	**4,062.68**
Undeposited Funds	0.00
Total Other Current Assets	**$34,175.18**
Total Current Assets	**$109,250.14**
Fixed Assets	
Furniture & Fixtures	
Depreciation	-1,500.00
Original cost	15,000.00
Total Furniture & Fixtures	**13,500.00**
Kennel Equipment	
Depreciation	-2,030.00
Original cost	20,300.00
Total Kennel Equipment	**18,270.00**
Office Equipment	
Depreciation	-800.00
Original cost	11,685.84
Total Office Equipment	**10,885.84**
Vehicles	
Depreciation	-3,475.00
Original cost	32,000.00
Total Vehicles	**28,525.00**
Total Fixed Assets	**$71,180.84**
TOTAL ASSETS	**$180,430.98**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	4,214.00
Total Accounts Payable	**$4,214.00**
Total Current Liabilities	**$4,214.00**
Long-Term Liabilities	
Loans Payable	
Equipment Loan	2,000.00
Furniture & Fixtures Loan	2,500.00
Total Loans Payable	**4,500.00**
Total Long-Term Liabilities	**$4,500.00**
Total Liabilities	**$8,714.00**
Equity	
Opening Balance Equity	0.00
Retained Earnings	22,200.00
Your Name, Capital	96,977.50
Your Name, Drawing	-500.00
Your Name, Investment	50,885.00
Total Your Name, Capital	**147,362.50**
Net Income	2,154.48
Total Equity	**$171,716.98**
TOTAL LIABILITIES AND EQUITY	**$180,430.98**

5

Print the expanded report in Portrait, export, and/or send/submit as previously instructed
The file name should be **3-Your Name Bal Sheet Ch 5**
Click **<Back to report list**, click the tab for **Custom reports**

- You will see the two reports that you customized and saved. In the future, you may prepare the Balance Sheet and Journal from this report section. If you do, your footer will either be right-aligned or will not be included in your report.

NAME	CREATED	DATE RANGE	EMAIL	ACTION
Balance Sheet	Your Name	This Year-to-date	Unscheduled	Edit
Journal	Your Name	This Month-to-date	Unscheduled	Edit

Close Your Name's Beach Barkers

BANK RECONCILIATION—READ

Each month, the checking account should be reconciled with the bank statement to make sure that the balances agree. The bank statement will rarely have an ending balance that matches the balance of the checking account.

Many companies sign up for online banking and use the bank feeds that are matched to recorded transactions. Since Your Name's Beach Barkers is not a real company, we cannot sign up for online banking. As a result, Bank Feeds and Online Banking will not be included in the chapter.

In order to have an accurate amount listed as the balance in the checking account, it is important that the differences between the bank statement and the checking account be reconciled. If something such as interest earned, a service charge, or a collection made by the bank appears on the bank statement, it needs to be recorded in the checking account.

Reconciling a bank statement is an appropriate time to find any errors that may have been recorded in the checking account. The reconciliation may be out of balance because a transposition was made (recording $94 rather than $49), a transaction was recorded backwards, a transaction was recorded twice, or a transaction was not recorded at all. If a transposition was made, the error may be found by dividing the difference by 9. For example, if $94 was recorded and the actual transaction amount was $49, you would subtract 49 from 94 to get 45. The number 45 can be evenly divided by 9, so your error was a transposition.

RECONCILE CHECKING—DRILL

To reconcile the bank statement, you Reconcile the Checking account. The Opening Balance should match either the amount of the final balance on the last reconciliation or the starting balance of the account.

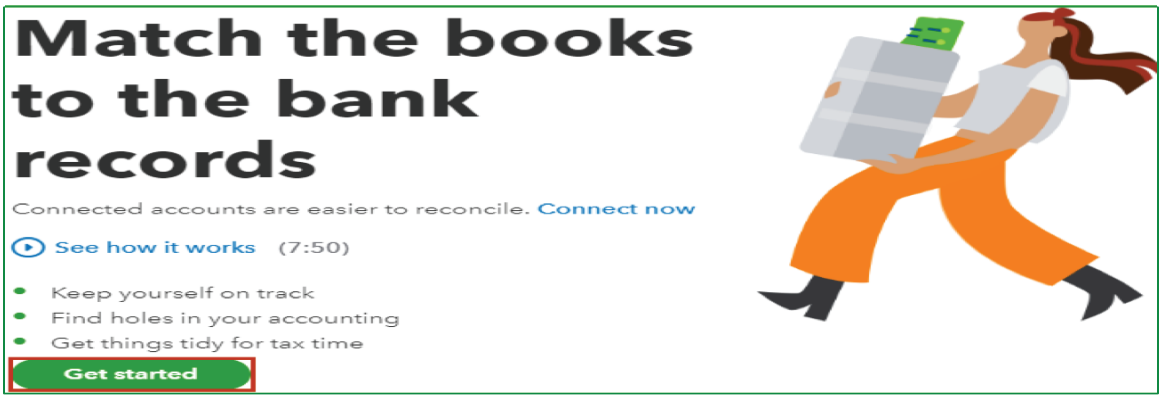
MEMO **DATE:** January 31, 2019 Begin the Reconciliation of the Checking account. Use the Current Date and an Ending Balance of $5,441.39.
Select the first 10 checks, the 3 deposits, and the first 3 items for Deposits and Other Credits.
Add the Vendor: Bay Town Bank.
As you record an automatic loan payment of $92.12—Principal $75.45, Interest: $16.67, add an account: Category Type: Expenses, Detail Type: Interest Paid, Name: Interest Expense.
Complete the Reconciliation.

DRILL

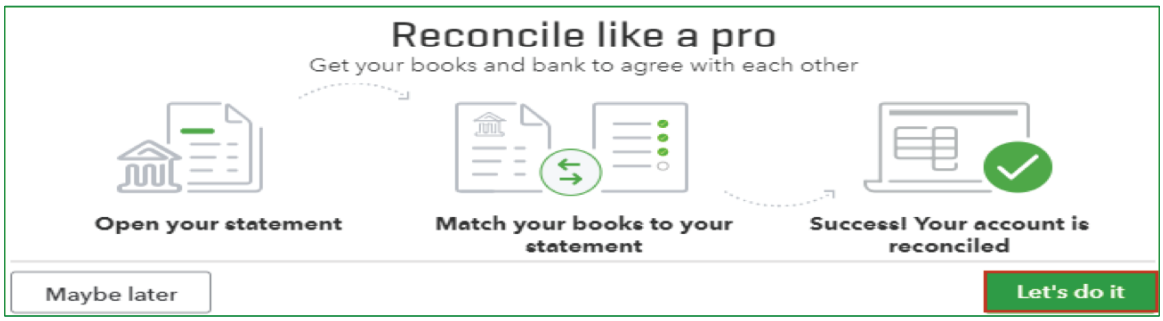
Use the **Test Drive Company** to reconcile the Checking account

To access the Reconciliation, click the **Gear** icon, click **Reconcile** in the Tools column; or click **Accounting** and **Reconcile** on the Navigation bar

- If you get a screen that says, Match the books to the bank records, click **Get started**.


Match the books to the bank records
Connected accounts are easier to reconcile. Connect now
See how it works (7:50)
Keep yourself on track
Find holes in your accounting
Get things tidy for tax time
Get started

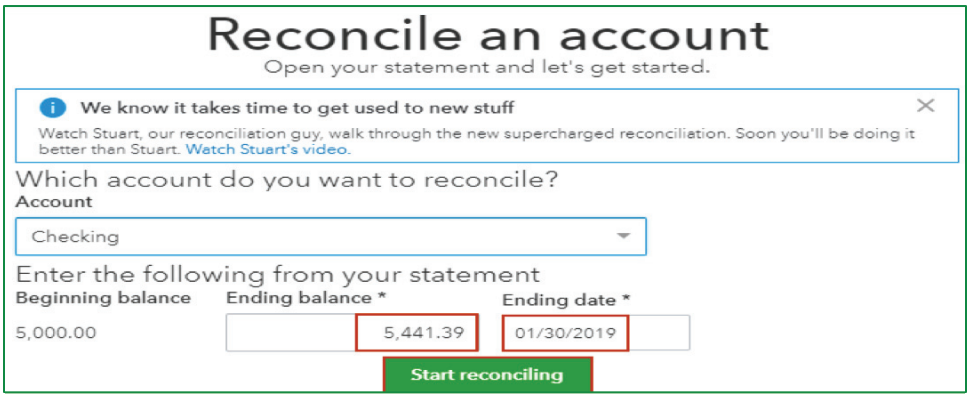
- If you get the Reconcile like a pro screen, click **Let's do it**.


Reconcile like a pro
Get your books and bank to agree with each other
Open your statement
Match your books to your statement
Success! Your account is reconciled
Maybe later
Let's do it

On the Reconcile an account screen, select the Account: **Checking**

- As you have experienced, the Test Drive Company automatically changes transaction dates. As a result, you will need to use the current date for the bank reconciliation.
- When you use the educational trial version of QuickBooks Online, the Start Reconciling screen will have an area where you can record Bank Charges and Interest Earned. That information will be presented when you reconcile the bank statement for Your Name's Beach Barkers.

Enter the Ending Balance of **5,441.39** and the **Current Date**


Reconcile an account
Open your statement and let's get started.
We know it takes time to get used to new stuff
Watch Stuart, our reconciliation guy, walk through the new supercharged reconciliation. Soon you'll be doing it better than Stuart. Watch Stuart's video.
Which account do you want to reconcile?
Account
Checking
Enter the following from your statement
Beginning balance
Ending balance *
Ending date *
5,000.00
5,441.39
01/30/2019
Start reconciling

Click **Start reconciling**

- The QuickBooks Bank Statement has three tabs to use to display the transactions: **Payments** displays all payments/checks written; **Deposits** displays all deposits and customer payments received; and **All** displays all payments and deposits.

Click the **Payments** tab

Click the radio button (circle) on the right for the first 14 items to select

- Begin with Robertson & Associates for $300.00 and end with Tony Rondonuwu for $100.00.

Click the radio button for the $52.14 transaction for Chin's Gas and Oil

- QBO tracks the ending balance, cleared balance, and difference between the two. It also shows how many payments and deposits were made. This will be explored after payments and deposits have been marked.

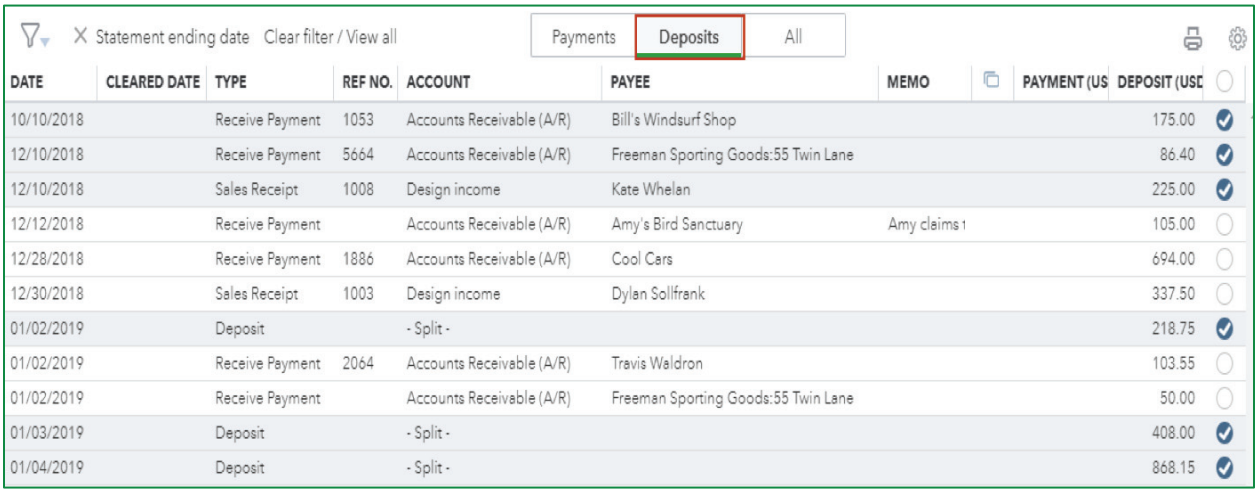
Statement ending date Clear filter / View all | Payments | Deposits | All

DATE	CLEARED DATE	TYPE	REF NO.	ACCOUNT	PAYEE	MEMO	PAYMENT (US	DEPOSIT (USD	
10/02/2018		Bill Payment	10	Accounts Payable (A/P)	Robertson & Associates		300.00		✓
10/24/2018		Expense	12	Legal & Professional Fees:Accounting	Robertson & Associates		250.00		✓
11/15/2018		Check	4	Automobile:Fuel	Chin's Gas and Oil		54.55		✓
11/21/2018		Sales Tax Payment		- Split -		Q1 Payment	38.50		✓
11/21/2018		Sales Tax Payment		- Split -		Q1 Payment	38.40		✓
11/24/2018		Expense	9	Job Expenses:Job Materials:Plants and Soil	Tania's Nursery		89.09		✓
11/24/2018		Check	12	Legal & Professional Fees:Bookkeeper	Books by Bessie		55.00		✓
11/30/2018		Check	5	Automobile:Fuel	Chin's Gas and Oil		62.01		✓
12/01/2018		Expense	15	Job Expenses	Tania's Nursery		108.09		✓
12/14/2018		Bill Payment	7	Accounts Payable (A/P)	Hicks Hardware		250.00		✓
12/17/2018		Expense	8	Landscaping Services:Job Materials:Plants a.	Hicks Hardware		24.36		✓
12/26/2018		Cash Expense		Automobile	Squeaky Kleen Car Wash		19.99		✓
12/26/2018		Cash Expense		Meals and Entertainment	Bob's Burger Joint		5.66		✓
12/26/2018		Check		Legal & Professional Fees:Lawyer	Tony Rondonuwu		100.00		✓
12/27/2018		Check	70	Maintenance and Repair	Chin's Gas and Oil		185.00		
12/27/2018		Cash Expense		Automobile:Fuel	Chin's Gas and Oil		52.14		✓

Click the **Deposits** tab

Click the radio button on the right for Bill's Windsurf for $175, Freeman Sporting Goods for $86.40, and Kate Whelan for $225.00

Click the radio button for the three Deposits for $218.75, 408.00, and 868.15

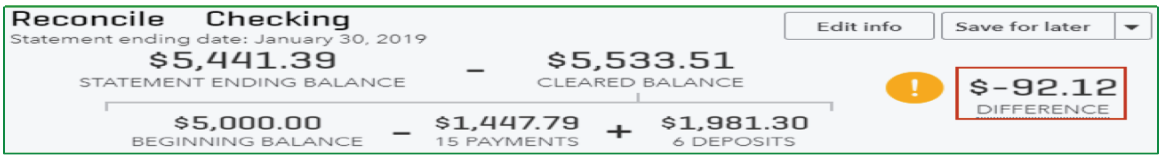


Statement ending date Clear filter / View all | Payments | Deposits | All

DATE	CLEARED DATE	TYPE	REF NO.	ACCOUNT	PAYEE	MEMO	PAYMENT (US	DEPOSIT (USD	
10/10/2018		Receive Payment	1053	Accounts Receivable (A/R)	Bill's Windsurf Shop			175.00	✓
12/10/2018		Receive Payment	5664	Accounts Receivable (A/R)	Freeman Sporting Goods:55 Twin Lane			86.40	✓
12/10/2018		Sales Receipt	1008	Design income	Kate Whelan			225.00	✓
12/12/2018		Receive Payment		Accounts Receivable (A/R)	Amy's Bird Sanctuary	Amy claims 1		105.00	
12/28/2018		Receive Payment	1886	Accounts Receivable (A/R)	Cool Cars			694.00	
12/30/2018		Sales Receipt	1003	Design income	Dylan Sollfrank			337.50	
01/02/2019		Deposit		- Split -				218.75	✓
01/02/2019		Receive Payment	2064	Accounts Receivable (A/R)	Travis Waldron			103.55	
01/02/2019		Receive Payment		Accounts Receivable (A/R)	Freeman Sporting Goods:55 Twin Lane			50.00	
01/03/2019		Deposit		- Split -				408.00	✓
01/04/2019		Deposit		- Split -				868.15	✓

View the information for Payments, Deposits, and Difference

- You will see the Statement Ending Balance – the Cleared Balance and the Difference between the two amounts. In addition, QBO shows how the amount of the Cleared Balance was calculated. The Beginning Balance minus the Payments plus the Deposits equal the Cleared Balance.



To record an automatic loan payment that does not appear in your reconciliation screen, click the **Plus** icon, click **Check** in the Vendors column
Click in the drop-down list arrow for Payee
The bank does not appear as a vendor, click **+ Add new**
Enter the vendor name, **Bay Town Bank**, click **Save**

- If you do not want to track payments to the bank, you do not have to add a vendor or enter a payee name on the check.

Checking should appear next to the vendor name with a Balance of $1,201.00
Date: **Current Date**

- For illustration, the text will use **01/30/19** for the date.

If marked, click **Print Later** to remove the check mark, delete **71** from Check no.
Line 1: Category: **Loan Payable** Amount: **75.45**

- This is the amount of the loan principle you are paying to reduce the loan amount.

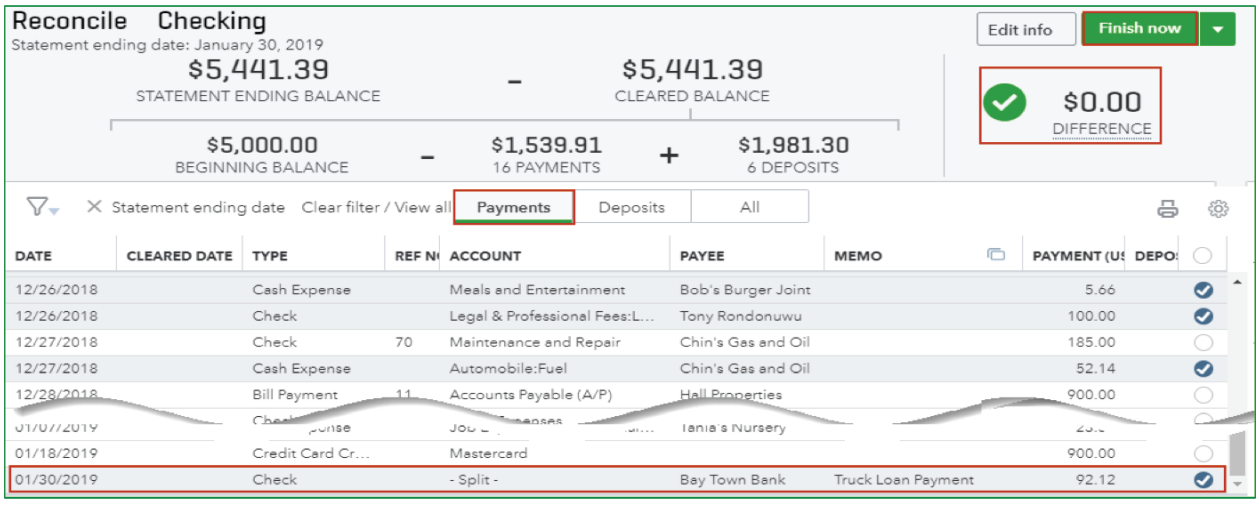
Line 2: Category: click the drop-down list arrow then click **+Add new**
Category Type: **Expenses**, Detail type: **Interest Paid**, Name: **Interest Expense**
Click **Save and Close** (Click the drop-down if it doesn't show)
Complete Line 2 Amount: **16.67**

- This part of the payment records the interest you are paying on the loan.

Memo: **Truck Loan Payment**

- Verify the total payment of $92.12.

Click **Save and close (**Ctrl+Alt+D)
You should return to the Reconcile – Checking screen
Click the **Payments** tab
Scroll through the list of Checks and Payments until you find the loan payment to Bay Town Bank, click the radio button to select



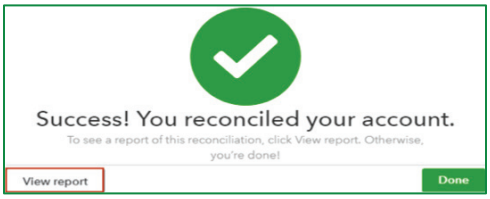
- Note the information in the summary area at the top of the reconcile screen. When you have a Difference of 0.00, the Reconciliation is complete.

Click **Finish now**

5

To view the Reconciliation Report, click **View report**

- The Reconciliation Report shows a summary of the reconciliation information, followed by a detail section that includes all the cleared and uncleared payments and deposits.


Success! You reconciled your account.
To see a report of this reconciliation, click View report. Otherwise, you're done!
View report
Done

Craig's Design and Landscaping Services

Checking, Period Ending 01/30/2019

RECONCILIATION REPORT

Reconciled on: 01/30/2019

Reconciled by: Craig Carlson

Any changes made to transactions after this date aren't included in this report.

Summary	USD
Statement beginning balance	5,000.00
Checks and payments cleared (16)	-1,539.91
Deposits and other credits cleared (6)	1,981.30
Statement ending balance	5,441.39
Uncleared transactions as of 01/30/2019	-4,332.51
Register balance as of 01/30/2019	1,108.88

Details

Partial Report

Close the Test Drive

RECONCILE CHECKING—DO

When you Reconcile the Checking account, you are matching the entries in your Checking account with the entries shown on your bank statement. Since this is the first time Your Name's Beach Barkers Checking account has been reconciled, the Opening Balance is the beginning balance of the account. The bank reconciliation for Your Name's Beach Barkers is more complex than the reconciliation you performed for practice. As a result, the procedures to Reconcile Checking have been divided into sections.

MEMO
DATE: January 31, 2019

Reconciliation the Checking account. The bank statement is dated January 22, 2019.

DO

Use **Your Name's Beach Barkers** to reconcile the Checking account

Bank Statement Information

Some information appearing on the bank statement is entered in the Begin Reconciliation window. This information includes the statement date, ending balance, bank service charges, and interest earned.

Use the following bank statement for Your Name's Beach Barkers as you follow the written instructions to reconcile the checking account (Do not try to reconcile the bank statement without following the instructions provided in the next section.)

Ocean Bank
273 Ocean Park Boulevard
Venice, CA 90202
310-555-9889

Your Name's Beach Barkers
1302 Pacific Avenue
Venice, CA 90291

Account: 123-321-4566 **January 22, 2019**

Beginning Balance, 1/1/2019			**$45,385.00**
1/12/2019 Check 1		$20.00	45,365.00
1/15/2019 Deposit	5,640.00		51,005.00
1/15/2019 Equipment Loan Pmt.: Principal $29.41. Interest $8.33:		37.74	50,967.26
1/15/2019 Service Charge		8.00	50,959.26
1/15/2019 Interest	37.85		50,997.11
1/21/2019 Check 2		500.00	50,497.11
1/21/2019 Check 3		500.00	49,997.11
1/21/2019 Check 4		300.00	49,697.11
1/21/2019 Check 5		403.68	49,293.43
Ending Balance, 1/22/2019			**$49,293.43**

5

Begin Reconciliation

As you learned in the practice, the first part of the reconciliation is to enter the bank statement information.

Begin the Checking Account Reconciliation for **Your Name's Beach Barkers**

To access the Reconciliation, click the **Gear** icon, click **Reconcile** in the Tools column; or click **Accounting** and **Reconcile** on the Navigation bar

- If you get a screen that says Find your balance, click **Reconcile an account**.
- If you get a screen that says Reconcile like a pro, click **Let's do it**.

Close any information screens or popups
Account: **Checking**

- QuickBooks Online inserts the Beginning Balance of $45,385.00.

Enter the Ending Balance: **49,293.43**

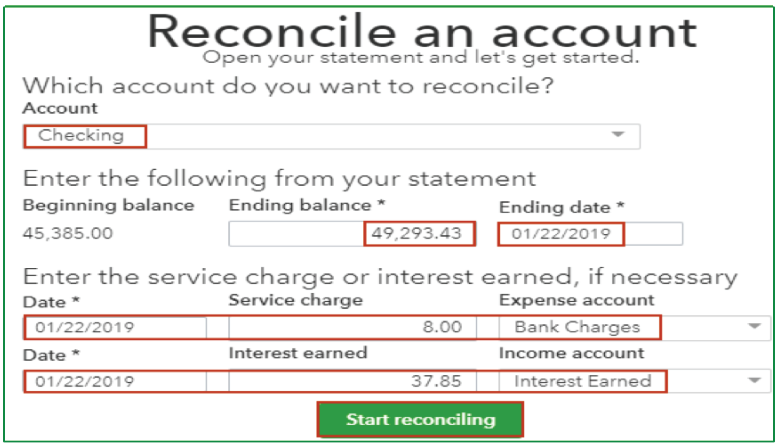
- This is the ending balance shown on the bank statement.

Statement Ending Date: **01/22/19**

- There will be two bank statements for reconciliation in this chapter, one now and one as part of the Additional Transactions toward the end of the chapter.

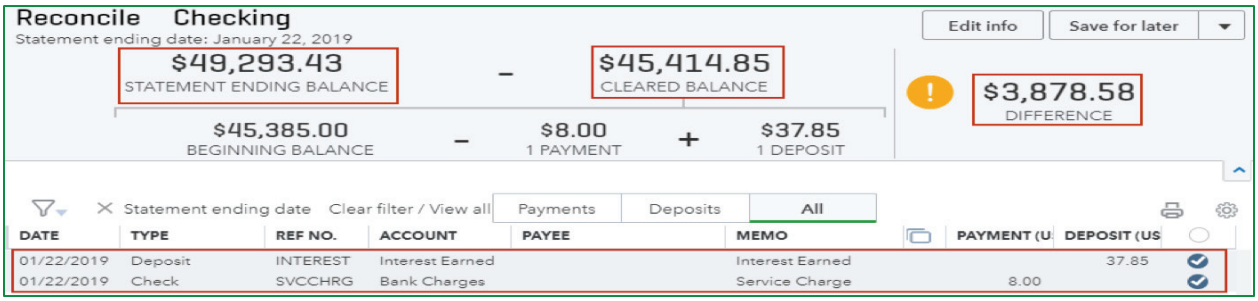
To enter the information for service charges and interest earned:
Enter the Date **01/22/19,** Tab to Service Charge: **8.00**, click the drop-down list arrow for Expense account, click **Bank Charges**
Enter the Date: **01/22/19**, Interest Earned: **37.85**, Income account: **Interest Earned**

- Double-check the dates for Service Charge and Interest Earned to make sure you used 01/22/2019.



Click **Start reconciling**

- You are taken to Reconcile – Checking. The All tab is highlighted. Notice that all payments and deposits are shown, and that the Service Charge and Interest Earned are marked. Statement information entered is shown in the summary area.
- As you look at the statement information, you will see a Statement Ending Balance of $49,293.43 minus the Cleared Balance of 45,414.85 and a Difference of 3,878.58.
  - If you take the Beginning Balance, subtract the service charge and add the interest earned, that becomes the Cleared Balance. Subtract the Statement Ending Balance and the Cleared Balance to determine the Difference. (Do the math: 45,385 – 8 + 37.85 = 45,414.85. 49,293.43 – 45,414.85 = 3,878.58) When you complete the Bank Reconciliation, the Difference must be 0.00.
- If any of the amounts in the summary area do not match the following screen shot, click the Edit Info button, and make the appropriate corrections.



Do not close Your Name's Beach Barkers, continue to the next section

- If you do not have time to complete the Bank Reconciliation, click Save for Later to save your work up to this point.

Mark Cleared Transactions

Once bank statement information for service charges and interest has been entered, compare the checks and deposits listed on the statement with the transactions for the checking account. An item may be marked individually by clicking the radio dial for the deposit or the check.

Continue with **Your Name's Beach Barkers** Checking Account Reconciliation and mark cleared checks and deposits

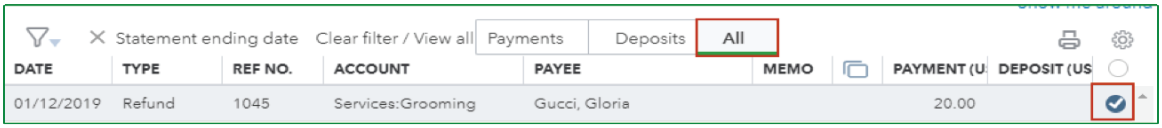
Compare the bank statement with the **Reconcile - Checking** window

Since this reconciliation does not contain a lot of transactions, use the **All** tab
Click the radio dial for items that appear on the bank statement and in QBO

- Make sure the amounts for your transactions match the amounts shown in the Bank Statement. If not, click the transaction in the Reconcile – Checking window, refer to the bulleted items below for suggestions on where to make the appropriate corrections:
  - Remember, corrections to a Check, Expense, Petty Cash, or Sales Receipt are made directly on the original business form.
  - In the case of a Bill Payment, the correction may need to be made on both the original Bill and the Bill Payment.
  - If there is an error on a Payment by a customer, both the original Invoice and Receive Payments may need to be corrected.
  - If the error is on a Bank Deposit, refer to the Chapter 3 section for corrections to a bank deposit.
- When you click Save and close on the business form after making corrections, you need to return to the Reconcile – Checking window. If not it does not show automatically, click the Gear icon, click Reconcile, then click the Resume Reconciling button.
- If you are unable to complete the reconciliation in one session, click the **Save for later** button to leave the reconciliation and return to it later.

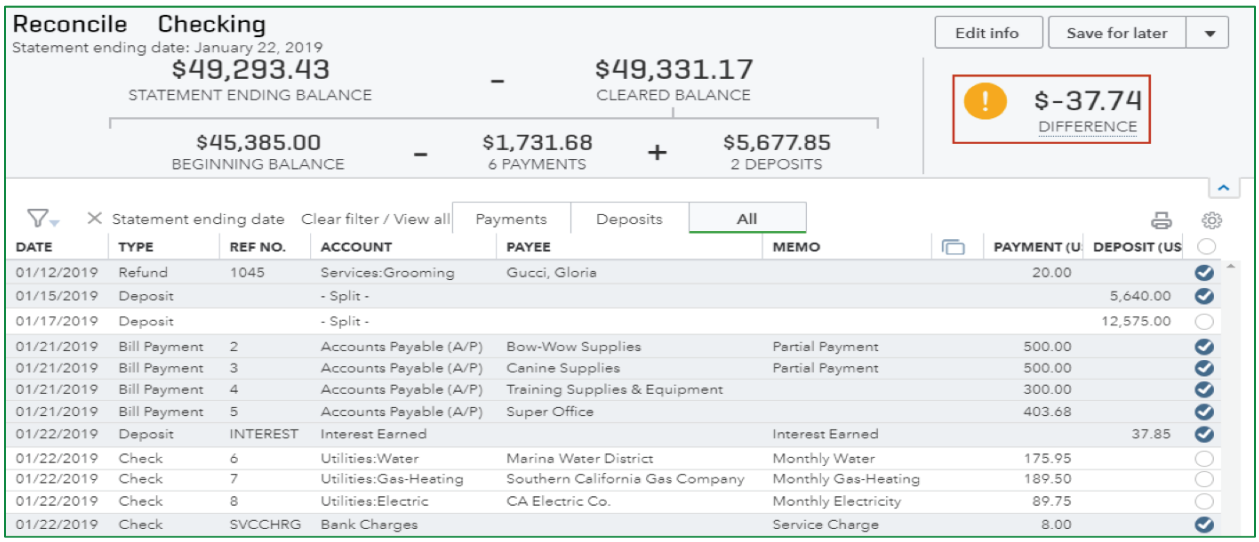
Click in the radio button for the Refund to Gloria Gucci to mark

- If you click on any other part of the transaction, you will be taken to the Refund Receipt.



Refer to the Bank Statement and mark all the Checks, Payments, and Deposits that are shown in both the bank statement and the Reconcile – Checking screen

- The automatic loan payment of $37.74 has not been recorded so it will not be shown in Reconcile – Checking.
- Make sure your Reconcile – Checking screen matches the following screen.


Reconcile Checking
Statement ending date: January 22, 2019
$49,293.43
STATEMENT ENDING BALANCE
$49,331.17
CLEARED BALANCE
Edit info
Save for later
$-37.74
DIFFERENCE
$45,385.00
BEGINNING BALANCE
$1,731.68
6 PAYMENTS
$5,677.85
2 DEPOSITS
Statement ending date
Clear filter / View all
Payments
Deposits
All
DATE TYPE REF NO. ACCOUNT PAYEE MEMO PAYMENT (U DEPOSIT (US
01/12/2019 Refund 1045 Services:Grooming Gucci, Gloria 20.00
01/15/2019 Deposit - Split - 5,640.00
01/17/2019 Deposit - Split - 12,575.00
01/21/2019 Bill Payment 2 Accounts Payable (A/P) Bow-Wow Supplies Partial Payment 500.00
01/21/2019 Bill Payment 3 Accounts Payable (A/P) Canine Supplies Partial Payment 500.00
01/21/2019 Bill Payment 4 Accounts Payable (A/P) Training Supplies & Equipment 300.00
01/21/2019 Bill Payment 5 Accounts Payable (A/P) Super Office 403.68
01/22/2019 Deposit INTEREST Interest Earned Interest Earned 37.85
01/22/2019 Check 6 Utilities:Water Marina Water District Monthly Water 175.95
01/22/2019 Check 7 Utilities:Gas-Heating Southern California Gas Company Monthly Gas-Heating 189.50
01/22/2019 Check 8 Utilities:Electric CA Electric Co. Monthly Electricity 89.75
01/22/2019 Check SVCCHRG Bank Charges Service Charge 8.00

- Notice the Difference of **-37.74**.

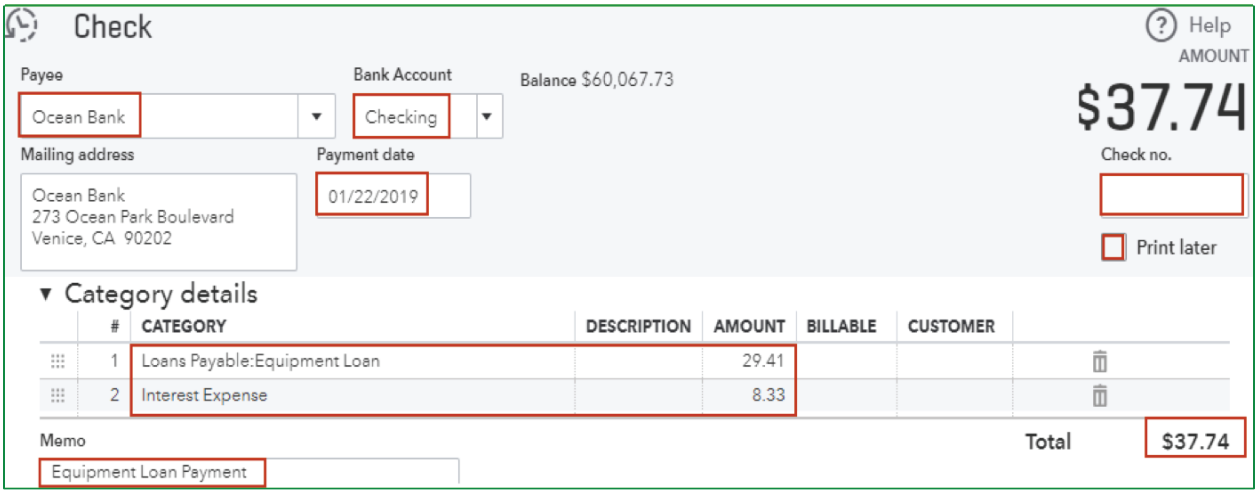
Continue to use Your Name's Beach Barkers to complete the next section

Adjusting Entries: Bank Reconciliation

When you have an automatic loan payment setup with the bank, the payment amount will be deducted from your bank account each month. To account for this, you will need to enter the loan payment.

With **Your Name's Beach Barkers** Reconcile - Checking window still showing, enter the automatic loan payment

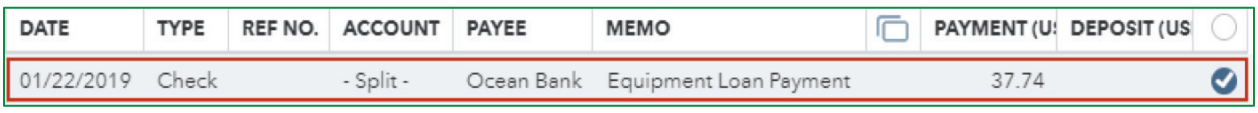
Click the **Plus** icon and click **Check** in the Vendors column
Record the check as previously instructed
Payee: **Ocean Bank**
Payment Account: **Checking**
Payment date: **01/22/2019**
Click **Print later** to unmark
Check no.: Leave Blank
Line 1: Category: **Equipment Loan**, Amount: **29.41**
Line 2: Category: **Interest Expense**, Amount: **8.33**
Memo: **Equipment Loan Payment**



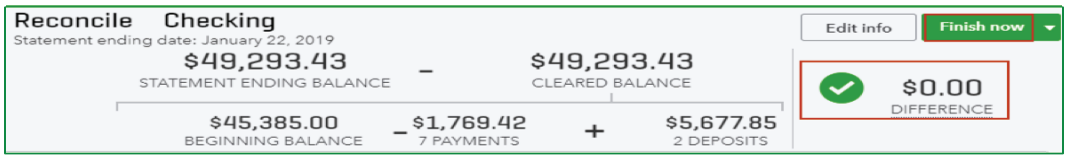
Click **Save and close**; if necessary, close the Check screen

- When you click Save and close after recording the checks, you need to return to the Reconcile – Checking window. If it does not show automatically, click the Gear icon or Accounting on the Navigation bar, click Reconcile, then click the Resume Reconciling button.
- If your 7 Checks and Payments and 2 Deposits and Other Credits are no longer selected, click them again.

Click the radio button for the **Check** you just entered for Ocean Bank to mark



- The Difference is now 0.00. If your difference is not, find and correct your errors, make sure you marked only those checks and deposits listed in the Bank Statement.



With a Difference of 0.00, click **Finish Now**

- Once the Difference is 0.00, the Save for later button changes to Finish Now.

After clicking Finish Now, you will get a Success! Screen, click **View report**
Do not close Your Name's Beach Barkers continue with the next section

Reconciliation Report

Prepare the Reconciliation report for **Your Name's Beach Barkers**

If you did not click **View Report** on the Success! Screen, click it now
When the report is displayed, it is divided into three sections:

Summary—summarizes Checking account information
Details—lists the Checks and Payments cleared and Deposits and Other Credits cleared
Additional Information—lists Uncleared Checks, Deposits, and Credits, and Payments, as of 01/22/2019 and Uncleared Checks, Payments, Deposits and Other Credits after 01/22/2019

5

Your Name's Beach Barkers
Checking, Period Ending 01/22/2019
RECONCILIATION REPORT
Reconciled on: Current Date
Reconciled by: Your Name
Any changes made to transactions after this date aren't included in this report.

Summary

	USD
Statement beginning balance	45,385.00
Service charge	-8.00
Interest earned	37.85
Checks and payments cleared (6)	-1,761.42
Deposits and other credits cleared (1)	5,640.00
Statement ending balance	49,293.43
Uncleared transactions as of 01/22/2019	12,119.80
Register balance as of 01/22/2019	61,413.23
Cleared transactions after 01/22/2019	0.00
Uncleared transactions after 01/22/2019	-1,383.24
Register balance as of 01/30/2019	60,029.99

Details

Checks and payments cleared (6)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
01/12/2019	Refund	1	Gucci, Gloria	-20.00
01/21/2019	Bill Payment	2	Bow-Wow Supplies	-500.00
01/21/2019	Bill Payment	3	Canine Supplies	-500.00
01/21/2019	Bill Payment	4	Training Supplies & Equipment	-300.00
01/21/2019	Bill Payment	5	Super Office	-403.68
01/22/2019	Check		Ocean Bank	-37.74
Total				-1,761.42

Deposits and other credits cleared (1)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
01/15/2019	Deposit			5,640.00
Total				5,640.00

Additional Information
Uncleared checks and payments as of 01/22/2019

Partial Report

Click the **Print** button and print in Portrait orientation as previously instructed

- If the print orientation is not specified, you select the layout.

- If you print to a pdf file, save it as **4-Your Name Reconcile Rpt Ch 5**
- You cannot export this report to Excel.

If your report opens on a separate tab, close the tab
Do not close Your Name's Beach Barkers

VIEW CHECKING ACCOUNT REGISTER—DO

Once the Checking account and bank statement have been reconciled, it is wise to scroll through the Checking account register to view the effect of the reconciliation on the account. You will notice a column with a check mark. As you scroll through the register, transactions that were reconciled are marked with an R.

Continue to use **Your Name's Beach Barkers** and view the Checking account register

Open the Chart of Accounts and click **View Register** for Checking
Scroll through the transactions

- Notice that the Service Charge, Interest, and Equipment Loan Payment are shown and marked with an R. All of the other transactions selected during the reconciliation are also marked with an R.

If necessary, change the column widths to display information in full:
Adjust the width of the PAYEE column
Point to the sizing arrow between PAYEE and MEMO until you get a double arrow

Hold down the primary (left) mouse button, drag to the right to enlarge the column width

- You will see a dark vertical line as you resize.

Repeat the steps and widen the MEMO column
Make the columns for PAYMENT and DEPOSIT narrower by dragging to the left
Scroll through the register and note that you can see Payees and Memos in full

- Notice the reconciled transactions that are marked with an R.

DATE	REF NO. TYPE	PAYEE ACCOUNT	MEMO	PAYMENT	DEPOSIT	✓	BALANCE
01/22/2019	Check	Ocean Bank -Split-	Equipment Loan Payment	$37.74		R	$61,413.23
01/22/2019	SVCCHRG Check	Bank Charges	Service Charge	$8.00		R	$61,450.97
01/22/2019	8 Check	CA Electric Co. Utilities:Electric	Monthly Electricity	$89.75			$61,458.97
01/22/2019	7 Check	Southern California Gas Company Utilities:Gas-Heating	Monthly Gas-Heating	$189.50			$61,548.72
01/22/2019	6 Check	Marina Water District Utilities:Water	Monthly Water	$175.95			$61,738.22
01/22/2019	INTEREST Deposit	Interest Earned	Interest Earned		$37.85	R	$61,914.17
01/21/2019	5 Bill Payment	Super Office Accounts Payable (A/P)		$403.68		R	$61,876.32
01/21/2019	4 Bill Payment	Training Supplies & Equipment Accounts Payable (A/P)		$300.00		R	$62,280.00

Partial Register

Continue to use Your Name's Beach Barkers in the next section

PREPARE AND CUSTOMIZE STATEMENT OF CASH FLOWS—DO

A report that details the amount of cash flow in a business is the Statement of Cash Flows. This report organizes information regarding cash in three areas of activities: Operating Activities,

Investing Activities, and Financing Activities. The report also projects the amount of cash at the end of a period. If your professor requires that you remove the Date Prepared and Time Prepared from a report, QuickBooks Online allows you to remove them by customizing a report and saving the changes. If you use the Date Prepared and Time Prepared, you may change the placement of the footer.

Continue to use **Your Name's Beach Barkers** to prepare a Statement of Cash Flows

Access the **For my accountant** report category of Reports as previously instructed
Click **Statement of Cash Flows**
As you did on the Journal and Balance Sheet reports, click the **Customize** button when the report appears
Right-align or remove the Date Prepared and Time Prepared from the Footer as previously instructed
Click **Run Report**
Click **Save Customizations**

- Customizing in this order saves the removal of the Date and Time Prepared (or the right alignment of the footer) and nothing else. If you change the dates before saving the customizations, the date range will be saved as well.

Review the Report Customizations screen
Keep the Name of custom report as Statement of Cash Flows

- Once customized, the report is accessed in the Custom Reports section of reports.

Click **Save**
Continue preparing the Statement of Cash Flows
Dates From: **01/01/19** To: **01/31/19**, click **Run Report**

- As you review the following report, you will see that the Operating Activities section details the cash generated in the operation of the business; the Investing Activities section details the cash spent on your business; and the Financing Activities section details loan financing and owner's equity. You will see the Net cash increase (or decrease) for the period, the cash at the beginning of the period, and the cash at the end of the period.

Your Name's Beach Barkers
STATEMENT OF CASH FLOWS
January 2019

	TOTAL
OPERATING ACTIVITIES	
Net Income	2,176.00
Adjustments to reconcile Net Income to Net Cash provided by ...	
Accounts Receivable (A/R)	12,570.00
Prepaid Insurance	100.00
Supplies:Cleaning Supplies	-75.00
Supplies:Kennel Supplies	-189.00
Supplies:Office Supplies	-403.68
Supplies:Sales Supplies	100.00
Vehicles:Depreciation	275.00
Accounts Payable (A/P)	-1,086.00
Total Adjustments to reconcile Net Income to Net Cash provi...	**11,291.32**
Net cash provided by operating activities	**$13,467.32**
INVESTING ACTIVITIES	
Office Equipment:Original cost	-3,685.84
Net cash provided by investing activities	**$ -3,685.84**
FINANCING ACTIVITIES	
Loans Payable:Equipment Loan	-29.41
Opening Balance Equity	-142,362.50
Your Name, Capital	96,977.50
Your Name, Capital:Your Name, Drawing	-500.00
Your Name, Capital:Your Name, Investment	50,885.00
Net cash provided by financing activities	**$4,970.59**
NET CASH INCREASE FOR PERIOD	**$14,752.07**
Cash at beginning of period	45,385.00
CASH AT END OF PERIOD	**$60,137.07**

Print in Portrait orientation, export, and/or send/submit as previously instructed

- If you save the report, name it: **5-Your Name Stmt of Cash Flows Ch 5**

Do not close Your Name's Beach Barkers

CLOSING ENTRIES—READ

In accounting, there are four closing entries made in order to close the books for a period. They include closing all income accounts, all expense accounts, and the drawing account into Income Summary. The final entry is to close the Income Summary account and transfer the net income or net loss into the owner's capital account.

In QuickBooks Online, setting a closing date will replace closing the income and expense accounts. QuickBooks Online does not close the owner's drawing account so a Journal entry is recorded to close the account. Rather than use an Income Summary account, QuickBooks Online automatically transfers Net Income into Retained Earnings. Retained Earnings contains all of the Net Income earned and is separate from Your Name, Capital. According to GAAP, a sole proprietorship's net income should be included in the owner's capital account not in retained earnings.

Due to the account requirements in the Test Drive Company, the closing entry for Drawing will be recorded in Your Name's Beach Barkers. All of the other closing entries will be practiced using the Test Drive Company. Reports will be prepared to obtain closing entry information.

CLOSE DRAWING—DO

The closing entry for Drawing transfers the amount of owner withdrawals into Your Name, Capital. Rather than create the necessary accounts and transactions in the Test Drive Company, you will record the closing entry in Your Name's Beach Barkers. In the later part of the chapter, you will record and close an additional withdrawal and perform the other closing entries for Your Name's Beach Barkers.

Continue to use **Your Name's Beach Barkers** to close Your Name, Drawing

Open the Chart of Accounts and view the balance for Your Name, Drawing

Your Name, Capital	Equity	Owner's Equity	147,362.50
Your Name, Drawing	Equity	Owner's Equity	-500.00
Your Name, Investment	Equity	Owner's Equity	50,885.00

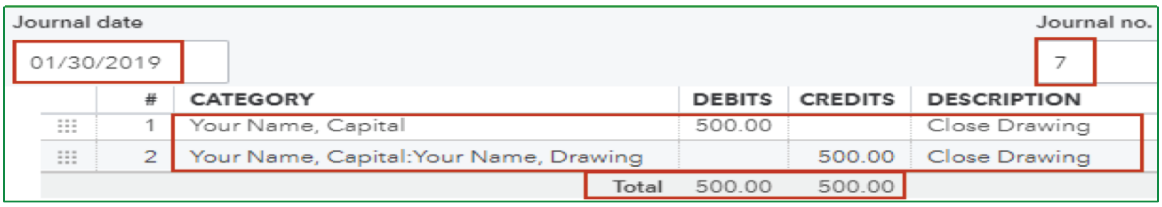
Click the **Plus** icon, click **Journal Entry** in the Other column
Enter the Date: **01/30/19**
Journal no.: **7**

- The Journal number 7 should appear automatically, if not, enter it.

Line 1: Category: **Your Name, Capital**, Debits: **500**, Description: **Close Drawing**

- Remember that a withdrawal reduces owner's equity and that a reduction to owner's equity is recorded as a debit.

Line 2: Category: **Your Name, Drawing**, Credits: **500**, Description: **Close Drawing**



Journal date: 01/30/2019 Journal no.: 7

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION
1	Your Name, Capital	500.00		Close Drawing
2	Your Name, Capital:Your Name, Drawing		500.00	Close Drawing
	Total	500.00	500.00	

Click **Save and close**
View the account in the Chart of Accounts

- The balance for Your Name, Drawing is 0.00.

Your Name, Capital	Equity	Owner's Equity	147,362.50
Your Name, Drawing	Equity	Owner's Equity	0.00
Your Name, Investment	Equity	Owner's Equity	50,885.00

Close Your Name's Beach Barkers

ENTER TRANSACTIONS INTO THE TEST DRIVE COMPANY—DRILL

5

In order to manipulate the Test Drive Company and learn how to transfer Net Income, two additional transactions need to be entered.

Open the **Test Drive Company**

Open Invoices as previously instructed
Enter an Invoice for Cool Cars, Invoice Date: **010118**

- Note **2018** is the year used for this invoice.

Line 1: Product/Service: **Concrete**, Description: **Concrete for fountain installation**, QTY: **1**, Rate: **1,739.95**, Tax: Click to remove check mark
Click **Save and new**
Enter an Invoice for Bill's Windsurf Shop, Invoice Date: **010119**

- Note **2019** is the year used for this invoice.

Line 1: Product/Service: **Maintenance & Repair**, Description: **Maintenance & Repair**, QTY: **1** Rate: **200**
Click **Save and close**
Do not close the Test Drive Company

PROFIT AND LOSS—DRILL

Since the income, expenses, and adjustments for the period have been entered, a Profit & Loss report can be prepared. This report is also known as the Income Statement and shows Income minus Expenses equals Net Income (or Net Loss). As an introduction to end-of-period reports and the transfer of Net Income and Retained Earnings into Capital, you will use the Test Drive Company for practice. As you have learned, the transaction dates in the Test Drive Company are programed to change automatically. As a result of this, your reports may not match the ones shown in the text. If this happens, simply use the amounts you see in your reports for practice.

DRILL

Continue to use the **Test Drive Company** to prepare a Profit and Loss report

Access Reports, click the category **Favorites**, click **Profit and Loss**
Enter the Dates From: **010118** To: **Current Date**, click **Run Report**

- Due to the automatic date changes in the Test Drive Company, use the From date of January 1, 2018 and the current date for the To date. Otherwise, the amounts shown in the reports for this drill will be different from the text.
- If your amount for Net Income is not an exact match, do not be concerned, simply continue with the closing entries using the amounts shown in your report.
- Write down the amount of the Net Income.

Do not close the Test Drive Company

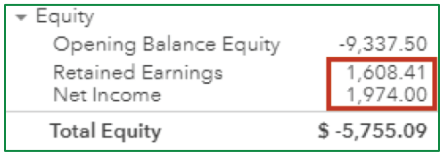
BALANCE SHEET—DRILL

As you learned in your accounting concepts course and in earlier chapters, the Balance Sheet proves the fundamental accounting equation: Assets = Liabilities + Owner's Equity. Because of the automatic date changes in the Test Drive Company, reports will not match the text unless you use a date range from January 1, 2018 until the current date.

Continue to use **Your Name's Beach Barkers** and prepare the Balance Sheet

Return to Reports, prepare a **Balance Sheet**
Enter the Dates From: **01/01/18** To: **Current Date**, click **Run Report**
Scroll down to the Equity section of the report

- If your amounts for Net Income and Retained Earnings are not an exact match with the following, do not be concerned, simply continue with the closing entries using the amounts shown in the Equity section on your report.



- When you view the Balance Sheet for January, 2018 until the Current Date, you will see Retained Earnings for $1,608.41 and Net Income of $1,974.00. When you add the Retained Earnings and the Net Income together, they equal the amount of net income shown in the Profit and Loss report. ($1,608.41 + $1,974.00 = $3,582.41)
- Again, if your numbers do not match the ones shown, do not be concerned.

Do not close the Test Drive Company

TRANSFER NET INCOME—DRILL

At the end of the year, Net Income is transferred into Retained Earnings by QuickBooks Online. Because Craig's Design and Landscape is a sole proprietorship, the amount of Net Income should be included in the Open Balance Equity account not Retained Earnings. A Journal Entry needs to be recorded to transfer Net Income into Opening Balance Equity. If you had Your Name, Capital available for use, this is the account you would use for the transfer of Net Income.

Continue to use the **Test Drive Company** to transfer Net Income and Retained Earnings into Opening Balance Equity

Click the **Plus** icon, click **Journal Entry** in the Other column
Enter the Date: **Current Date**

- The screenshot uses the date of 01/31/2019.

Journal no.: **1**

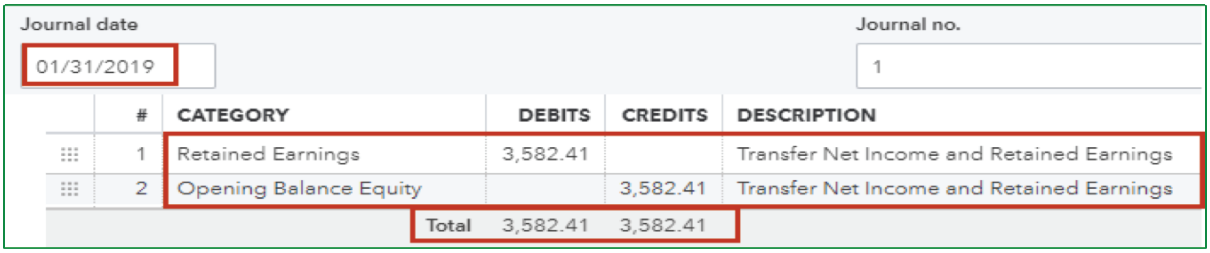
Line 1: Category: **Retained Earnings**, Debits: **3,582.41**, Description: **Transfer Net Income and Retained Earnings**

- Remember, because of the automatic date changes in the Test Drive, your amounts may not match the one shown above. If your amounts do not match the text, either enter the amounts in your report or just continue by reading the information for the Drill.
- At the end of the year, QuickBooks Online automatically transfers Net Income into Retained Earnings. In order to transfer the Net Income into Opening Balance Equity, you will debit Retained Earnings to transfer both the amount of Net Income and the current amount shown in Retained Earnings. In the future, you would only need to transfer the amount of Net Income.
- The amount of the transaction is calculated by adding the amount shown in Retained Earnings to the amount of Net Income.

Line 2: Category: **Opening Balance Equity**, Credits: **3,582.41**, Description: **Transfer Net Income and Retained Earnings**

- Opening Balance Equity is used for the account because the Test Drive Company did not save the Owner's Equity capital accounts you created earlier in the chapter. When you transfer the Net Income and Retained Earnings for Your Name's Beach Barkers later in the chapter, Your Name, Capital will be the account used.

5

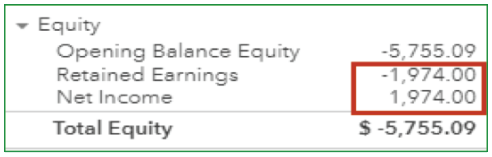

Journal date
01/31/2019
Journal no.
1
CATEGORY DEBITS CREDITS DESCRIPTION
1 Retained Earnings 3,582.41 Transfer Net Income and Retained Earnings
2 Opening Balance Equity 3,582.41 Transfer Net Income and Retained Earnings
Total 3,582.41 3,582.41

Click **Save and Close**, click the drop down-list arrow if necessary

- You should return to the Balance Sheet. If not, prepare the Balance Sheet again.

View the Equity section

- Analyze the Equity section in the Balance Sheet. The previous amount of Retained Earnings, $1,608.41, was transferred into Opening Balance Equity. The current amount of Net Income, $1,974.00, shows as a negative in Retained Earnings and as a positive in Net Income.



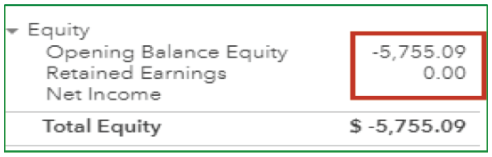
Change the dates of the Balance Sheet to **01/01/2020** and **Current day and month 2020**

- If the current year happens to be 2020, then use 2021 as the year for this report.

Run the Report

- Amounts for Retained Earnings and Net Income are no longer shown.

Do <u>not</u> close the Test Drive Company



CLOSE THE BOOKS—DRILL

Rather than record closing entries for income and expense accounts, QuickBooks Online uses a closing date to indicate the end of a period. Once a closing date is assigned, income and expenses are effectively closed. If a transaction involving income or expenses is recorded after the closing date, it is considered part of the new period and will not be used in the calculation of net income (or loss) for the previous period. Conversely, income and expenses for a closed period will

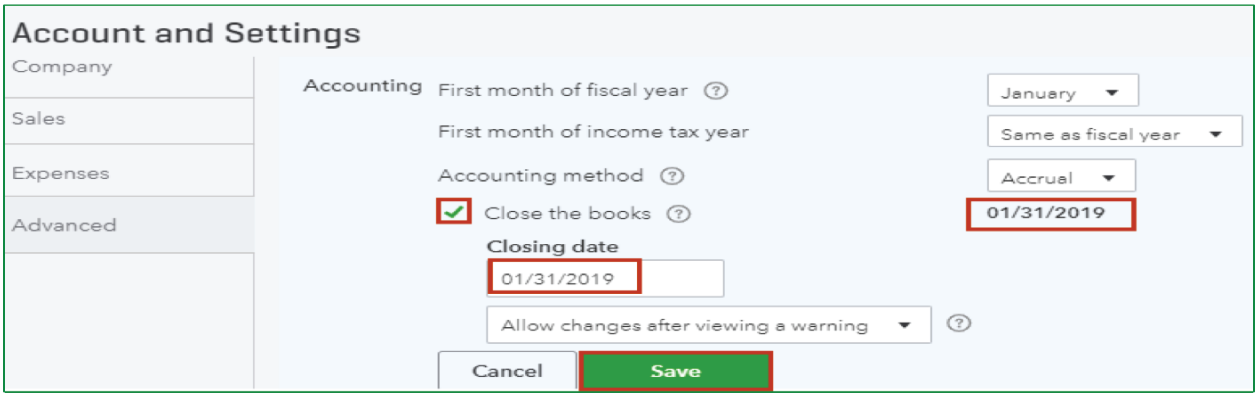
not be included in the new period. If an error is found in a transaction for a closed period, it may be changed but only after acknowledging a warning.

Continue to use the **Test Drive Company** and close the books for the period

Click the **Gear** icon, click **Account and Settings** in the Your Company column
Click the **Advanced** tab, click the **Pen** icon for Accounting
Click the **Close the books** check box to select
Enter the Closing date **Current date**, press **Tab**

- The screenshot shows 01/31/19. Because transaction dates change in the Test Drive Company, you should use the current date.

Accept the selection of Allow changes after viewing a warning



Click **Save**
Click the **Done** button in the lower-right side of the Account and Settings screen or click the **Close** button at the top-right of the screen
Do not close the Test Drive Company

EDIT CLOSED PERIOD TRANSACTION—DRILL

Even though the month of January has been closed, transactions still appear in the account registers, the Journal, and so on. If it is determined that an error was made in a previous period, QuickBooks Online allows a correction to be made. In order to save an edited transaction, Yes must be clicked on a warning screen. Changes to transactions involving income or expenses will necessitate changing the amount of net income transferred into the owner's capital account.

MEMO
DATE: Current date

Edit Invoice 1039 to Bill's Windsurf Shop. Change the quantity to 2.

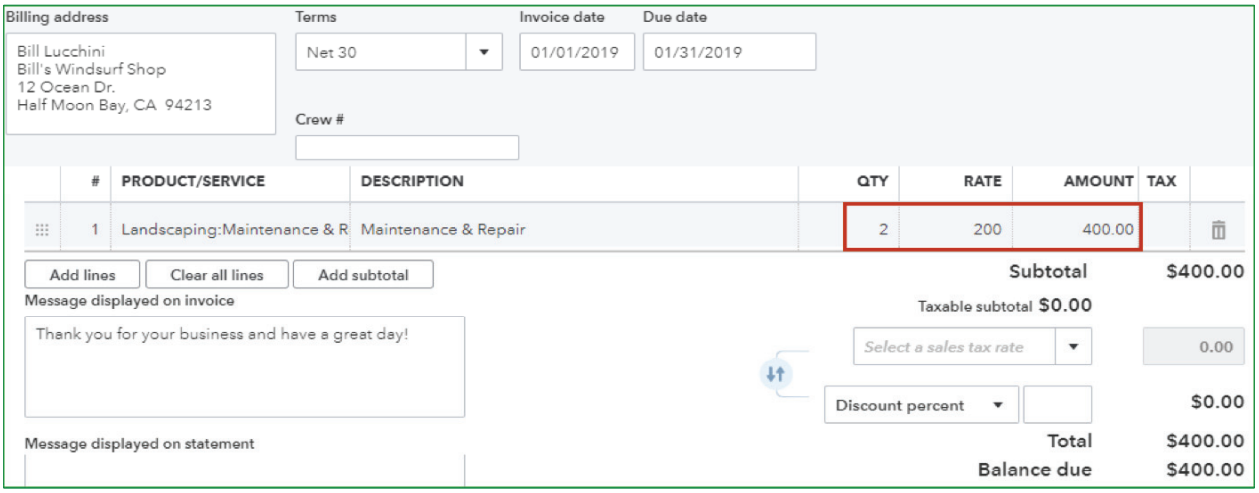
Continue to use the **Test Drive Company** to edit an invoice from a closed period and correct the amount of Net Income transferred.

Open Invoices as previously instructed
Click the **Recent Transactions** icon next to Invoice

In the list of Recent Invoices, click **Invoice No. 1039** to Bill's Windsurf Shop to open it

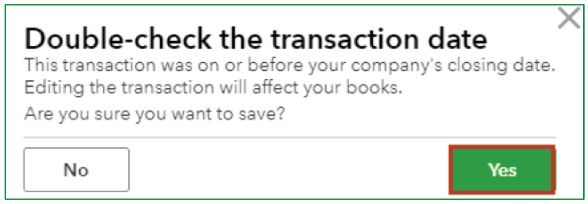
Change the QTY to **2**, press **Tab**

- The Amount is changed from 200 to 400.



Click **Save and close**

Click **Yes** on the Double-check the transaction date screen


Double-check the transaction date
This transaction was on or before your company's closing date.
Editing the transaction will affect your books.
Are you sure you want to save?
No
Yes

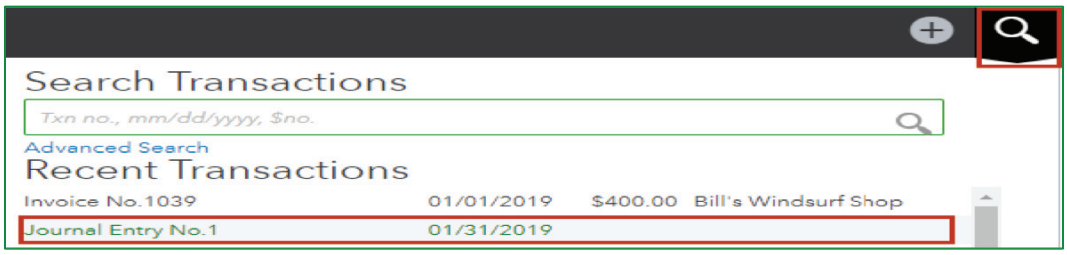
If you get a message for The transaction is linked to others..., click **Yes**.

- The change in income must be included in the Journal Entry to transfer the Net Income and Retained Earnings into Opening Balance Equity, edit the transaction.

Click the **Search** icon next to the Plus icon on the Top-Navigation bar

Select the Journal Entry

- The Journal Entry No. may be different from 1. Select the entry shown.



Calculate the amount of the revised Journal entry:

Change in income: New invoice Total $400.00 minus $200.00 original invoice Total equals an additional $200.00 in income

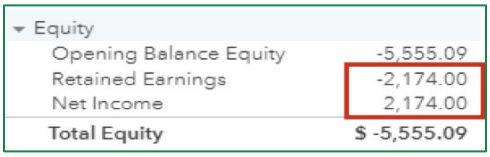
The additional income of $200.00 is added to the original transfer amount of $3,582.41 to equal $3,782.41

- There are four ways changing an income/expense transaction can affect net income:
  1. Increase in invoice amount = increase Net Income (example being entered)
  2. Decrease in invoice amount = decrease Net Income

3. Increase in expense = decrease Net Income (means additional expense and less income so adjusting entry decreased)
4. Decrease in expense = increase Net Income (means additional income so adjusting entry increased)

Correct the adjusting entry to reflect the additional income on Invoice 1039
Line 1: Change Debits to **3782.41**
Line 2: Change Credits to **3782.41**
Click **Save and close**
Click **Yes** on the double-check the transaction date screen
To view the changes to Net Income, prepare a Balance Sheet for **01/01/18** to **Current Date**

- The previous amount of Net Income was $1,974.00 and Retained Earnings was -$1,974.00. With the additional $200.00 income from the transaction for Bill's Windsurf Shop, the new amount of Net Income is $2,174.00 and Retained Earnings is -$2,174.00



Close the Test Drive Company

ADDITIONAL TRANSACTIONS—DO

Record the additional transactions using Your Name's Beach Barkers. All transactions to be recorded were either completed as drills using the Test Drive Company or as transactions for Your Name's Beach Barkers. When you record closing transactions for Drawing, Net Income, and Retained Earnings, be sure to use Your Name, Capital as the account rather than Opening Balance Equity.

DO

Open **Your Name's Beach Barkers**, enter the transactions in the Memo boxes, complete a Bank Reconciliation, and record Closing Entries for January 31, 2019

Print as instructed within the Memos
When recording Journal Entries, provide appropriate descriptions

MEMO
DATE: January 31, 2019 Journal Entry 8: Record the adjusting entry for the use of $125 of Office Supplies.
Journal Entry 9: After taking inventory, you calculate that you have $1,950 of Kennel Supplies on hand. Calculate the amount of supplies used and record the adjusting entry.
Journal Entries 10-12: Record one month's depreciation: Furniture & Fixtures, $125; Kennel Equipment, $170, and Office Equipment, $100.
Journal Entry 13: Record your additional cash investment of $2,000.
Journal Entry 14: You purchased kennel equipment to board dogs at your home. You decided not to do that and are investing the kennel equipment of $850 into Your Name's Beach Barkers. Record the investment.
Withdrew $600 for the second part of your semi-monthly withdrawal. Print Check 18. (If you save as a pdf, name it **6-Your Name Ck 18 Ch 5**
Use the following Bank Statement to Reconcile the Checking account. Print the Reconciliation report. If saved as a pdf, name it **7-Your Name Reconcile Rpt (2) Ch 5**

This is the bank statement for January 31, 2019:

Ocean Bank
273 Ocean Park Boulevard
Venice, CA 90202
310-555-9889

Your Name's Beach Barkers
1302 Pacific Avenue
Venice, CA 92091

Account: 123-321-4566 **January 31, 2019**

Beginning Balance, 01/23/2019			**$49,293.43**
1/17/2019 Deposit	12,575.00		61,868.43
1/22/2019 Check 6		175.95	61,692.48
1/22/2019 Check 7		189.50	61,502.98
1/22/2019 Check 8		89.75	61,413.23
1/23/2019 Transfer		100.00	61,313.23
1/23/2019 Check 9		862.92	60,450.31
1/24/2019 Check 10		322.92	60,127.39
1/24/2019 Check 11		1,500.00	58,627.39
1/27/2019 Check 12		129.95	58,497.44
1/27/2019 Transfer		50.00	58,447.44
1/27/2019 Check 13		200.00	58,247.44
1/27/2019 Check 15		292.45	57,954.99
1/30/2019 Furniture & Fixtures Loan Pmt: Principal: $36.76, Interest: 10.42		47.18	57,907.81
1/30/2019 Service Charge		8.00	57,899.81
1/30/2019 Interest	41.08		57,940.89
Ending Balance, 1/31/2019			**$57,940.89**

When the reconciliation is complete, print and/or save the Reconciliation report

- If saved as a pdf, name it **7-Your Name Reconcile Report (2) Ch 5**

Continue recording, saving, and printing transactions in the following Memo

MEMO
DATE: January 31, 2019

Journal Entry 15: Close Your Name, Drawing. (This should be for the second withdrawal, $600.00.)

Prepare, print, export, and/or send/submit the Profit and Loss report. Either use right alignment or remove the footer. Save the Customization. Continue with the report preparation for January 1-31, 2019. Name it **8-Your Name P&L Ch 5**

Use your customized Balance Sheet to prepare the Balance Sheet report for January 1-31, 2019. Print the report. Name it **9-Your Name Bal Sheet (2) Ch 5**

Journal Entry 16: Transfer the Net Income and Retained Earnings into Your Name, Capital. Instructions follow.

Instructions to transfer Net Income and Retained Earnings into Your Name, Capital:
Look at the **$22,200.00** balance of Retained Earnings on the Balance Sheet

- The $22,200 is the amount of Retained Earnings entered for the value of the beginning balances for Customers of $27,500.00 minus the beginning balances for Vendors of $5,300.00 as of 12/31/2018.

Look at the amount for Net Income **$1,544.66**

- Do the math: Add the Retained Earnings $22,200.00 and the Net Income $1,544.66 = $23,744.66.

Record the Journal Entry 16 for **$23,744.66**

MEMO
DATE: January 31, 2019

Close the Period 01/31/2019.

Forgot to include 10 days of Day Camp on Invoice 1030 to Pamela Vines. Add it to the invoice and reprint. If you save, name it **10-Your Name Inv 1030 P Vines Corrected Ch 5**

Adjust Journal Entry 16, the closing entry for transferring Net Income and Retained Earnings, to include the extra income earned for the correction to Invoice 1030. (Did you increase the amount of the Journal Entry to transfer Net Income and Retained Earnings by $300?)

Continue to use Your Name's Beach Barkers

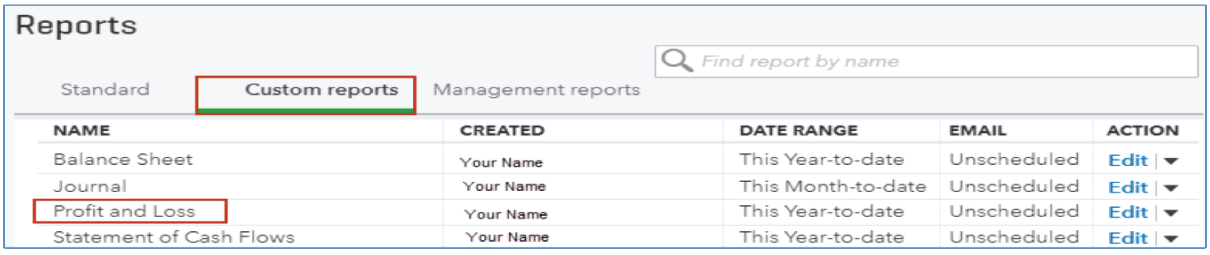
PROFIT AND LOSS—DO

When the transactions and adjustments for the month are complete, it is helpful to prepare the Profit and Loss report to see your amount of Net Income or Net Loss. Remember Income minus Expenses equal Net Profit or Net Loss. Even though you printed the report when recording the additional transactions, a correction to an invoice was made after printing.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Profit and Loss report for January 1-31, 2019

Access Reports as previously instructed
Click **My Custom Reports** to see all of the reports that have been customized
Click **Profit and Loss** to select the report



Dates are From: **010119** To: **013119**, run the report

- Scroll through the report. Review income and expenses. View the change to Net Income.

Print, export, and/or send/submit the report

- If you save the report, name it **11-Your Name P&L Revised Ch 5**

Continue to use Your Name's Beach Barkers

BALANCE SHEET—DO

After completing all of the adjustments for the month, you need to prepare a revised Balance Sheet to prove that assets are equal to liabilities and owner's equity. Because this report is for a month, the adjustment for Net Income will appear in both Retained Earnings and Net Income. If, however, this report were prepared for the year, neither account would have balances.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Balance Sheet report for January 1-31, 2019 and for January 1-31, 2020

Click **Balance Sheet** in Custom Reports
Dates From: **010119** To: **013119**, Run Report
View and analyze the Equity section after all the adjusting entries have been made:

- After transfer of Opening Balance Equity to Your Name, Capital, balance of Opening Balance Equity = 0.00.
- Original amount of Retained Earnings, $22,200, was transferred to Your Name, Capital. Amount no longer shows as part of Retained Earnings.
- Amount of Net Income transferred to Retained Earnings for 2019 is -1,844.66.
- Your Name, Capital of $119,922.16 = total capital without the Investment.
- Your Name, Drawing was closed into Your Name, Capital. Balance = 0.00.
- Your Name, Investment balance of $53,735.00, = amount you invested in Your Name's Beach Barkers.
- Total of Your Name, Capital of $173,657.16 is calculated: Your Name, Capital + Your Name, Investment: $119,922.16 + 53,735.00 = $173,657.16.
- Net Income and Retained Earnings transferred to Your Name, Capital. Still in same year as adjusting transaction date, amount of Net Income shows 1,844.66 and amount of Retained Earnings shows **-**1,844.66.

Equity	
Opening Balance Equity	0.00
Retained Earnings	-1,844.66
Your Name, Capital	119,922.16
Your Name, Drawing	0.00
Your Name, Investment	53,735.00
Total Your Name, Capital	**173,657.16**
Net Income	1,844.66
Total Equity	**$173,657.16**

Print, export, and/or send/submit the report

- If you save the report, name it **12-Your Name Bal Sheet 2019 (3) Ch 5**

To see the results of transferring Net Income/Retained Earnings into Capital, change the report dates From: **01/01/20** To: **01/31/20**, Run the Report

- Note amounts shown for Opening Balance Equity, Retained Earnings, and Drawing are 0.00. Net Income is blank. Amounts for Your Name, Capital; Your Name, Investment; and Total Your Name, Capital are the same as the 2019 report.

Equity	
Opening Balance Equity	0.00
Retained Earnings	0.00
Your Name, Capital	119,922.16
Your Name, Drawing	0.00
Your Name, Investment	53,735.00
Total Your Name, Capital	**173,657.16**
Net Income	
Total Equity	**$173,657.16**

Print, export, and/or send/submit the report

- If you save the report, name it **13-Your Name Bal Sheet 2020 (4) Ch 5**

Continue to use Your Name's Beach Barkers

JOURNAL—DO

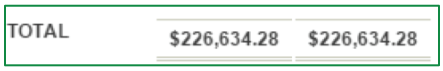
At the end of each chapter, you will always print a Journal so you can view all of the transactions entered during the report dates. As with previous Journals, check each entry carefully, pay close attention to dates, accounts, memos, and amounts. If a transaction does not appear in the Journal, you may have used a current date that is outside the date range of the report.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Journal for January 1-31, 2019

Use your Custom report to prepare the Journal
Enter the Dates From: **010119** To: **013119**

- All the transactions entered in Chapters 2, 3, 4, and 5 are shown.
- Are your totals for Debits and Credits $226,634.28? If not, double check your entries for correct amounts, dates, accounts, memos.



TOTAL	$226,634.28	$226,634.28

Print in Landscape Orientation, export, and/or send/submit the report

- If you save the report, name it **14-Your Name Journal Ch 5**

Continue to use Your Name's Beach Barkers

TRIAL BALANCE—DO

A Trial Balance is printed to prove that debits still equal credits. Post-closing reports are typically prepared as of the last day of the fiscal year after all closing entries for the year have been recorded. Since our closing was simply for a period, this means that income and expenses will be shown in the Trial Balance and in the Profit & Loss reports for January. When you prepare a Trial Balance for the first of the next fiscal year, income and expense accounts will not be shown.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Trial Balance for January 1-31, 2019 and January 1-31, 2020

Access **For my accountant r**eports as previously instructed
Click **Trial Balance**
Change footer: Either right align the footer or remove the Date Prepared and Time Prepared
Click **Save Customizations**, Name of custom report: **Trial Balance**, click **OK**
Enter the Dates From: **010119** To: **013119**, Run Report

- Does your Trial Balance match the following? If not, double check your entries for correct amounts, dates, accounts, memos. Remember, you can click on an account shown in the Trial Balance and access the account register.

Your Name's Beach Barkers
TRIAL BALANCE
As of January 31, 2019

	DEBIT	CREDIT
Checking	61,415.89	
Petty Cash	107.08	
Accounts Receivable (A/R)	15,230.00	
Inventory Asset	29,012.50	
Prepaid Insurance	1,100.00	
Supplies:Cleaning Supplies	825.00	
Supplies:Kennel Supplies	1,950.00	
Supplies:Office Supplies	628.68	
Supplies:Sales Supplies	400.00	
Undeposited Funds	0.00	
Furniture & Fixtures:Depreciation		1,625.00
Furniture & Fixtures:Original cost	15,000.00	
Kennel Equipment:Depreciation		2,200.00
Kennel Equipment:Original cost	21,150.00	
Office Equipment:Depreciation		900.00
Office Equipment:Original cost	11,685.84	
Vehicles:Depreciation		3,475.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		4,214.00
Loans Payable:Equipment Loan		1,970.59
Loans Payable:Furniture & Fixtures Loan		2,463.24
Opening Balance Equity		0.00
Retained Earnings	1,844.66	
Your Name, Capital		119,922.16
Your Name, Capital:Your Name, Drawing		0.00
Your Name, Capital:Your Name, Investment		53,735.00
Services:Boarding		770.00
Services:Day Camp		720.00
Services:Grooming		885.00
Services:House Calls		225.00
Services:Training		3,025.00
Services:Transportation		300.00
Advertising	200.00	
Bank Charges	16.00	
Equipment Rental	75.00	
Insurance:Vehicle Insurance	100.00	
Interest Expense	18.75	
Laundry	6.50	
Rent or Lease	1,500.00	
Repair & Maintenance:Computer Repair	200.00	
Repair & Maintenance:Vehicle Repair	212.50	
Supplies Expense:Cleaning Supplies Expense	100.00	
Supplies Expense:Kennel Supplies Expense	134.00	
Supplies Expense:Office Supplies Expense	131.47	
Supplies Expense:Sales Supplies Expense	100.00	
Telephone Expense	129.95	
Utilities:Electric	89.75	
Utilities:Gas-Heating	189.50	
Utilities:Water	175.95	
Vehicle Expenses	109.90	
Interest Earned		78.93
Depreciation Expense	670.00	
TOTAL	$196,508.92	$196,508.92

Print in Portrait Orientation, export, and/or send/submit the report

- If you save the report, name it **15-Your Name Trial Bal Ch 5**

Change the report dates From: **01/01/20** To: **01/31/20**

- You will see the same information and account totals for all of the Asset, Liability, and Equity accounts. Nothing is shown for Income or Expense accounts because the report dates are for the next fiscal year.

This results in a Total of $190,504.99 for both Debit and Credit columns

- This is different from the totals shown for the 2019 Trial Balance.

Do not save or print the report

Close Your Name's Beach Barkers

SUMMARY

In this chapter the focus was on performing the accounting functions for the end of a period. Journal Entries were prepared to record the adjusting entries for supplies used, insurance, and depreciation. Checking Account Reconciliations were performed and transactions for automatic payments were recorded during the reconciliation. The use of Net Income, Retained Earnings, Opening Balance Equity, and Owner's Equity accounts for Capital, Investment, and Drawing was explored, adjusted, transferred, and interpreted for a sole proprietorship. Owner withdrawals and additional investments were recorded. A period was closed and a transaction was changed after the closing. Further adjustments were required because of this. The adjustments were made for Net Income/Retained Earnings due to a change to a transaction after closing. Reports were customized and prepared to provide data for analysis and examination of the results of business operations and end-of-period adjustments.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 5.01. You record the amount of supplies on hand as the amount of the adjusting entry for supplies used.

_____ 5.02. Once a report has been customized, it may be accessed in Accountant Reports.

_____ 5.03. You cannot record an automatic loan payment when you reconcile a bank statement.

_____ 5.04. Additional investments made by an owner may be cash or non-cash items.

_____ 5.05. An owner's withdrawal is recorded as a payroll expense.

_____ 5.06. Depreciation is recorded to account for the decrease in value of a fixed asset.

_____ 5.07. A Statement of Cash Flows organizes information regarding cash activities and projects the amount of cash at the end of a period.

_____ 5.08. Net Income is transferred into the owner's investment account.

_____ 5.09. A Reconciliation Report prints the last two bank reconciliation reports automatically.

_____ 5.10. Accrual-basis accounting matches the income from the period and the expenses for the period in order to determine the net income or net loss for the period.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 5.11. The report that proves Assets = Liabilities + Owner's Equity is the ___.
A. Trial Balance
B. Income Statement
C. Profit & Loss report
D. Balance Sheet

_____ 5.12. If you donate a desk to Your Name's Beach Barkers, it is recorded in Your Name, Investment account and in ___.
A. Checking
B. Furniture: Original Cost
C. Store Supplies
D. Owner's Donations

_____ 5.13. If the adjusting entry to transfer Net Income and Retained Earnings into the owner's capital account is made prior to the end of the year, the Balance Sheet shows ___.
A. Retained Earnings
B. Net Income
C. Both Net Income and Retained Earnings
D. None of the above because the Net Income and Retained Earnings have been transferred into capital

_____ 5.14. A bank statement may ___.
A. show service charges or interest not yet recorded
B. be missing deposits in transit or outstanding checks
C. show automatic payments
D. all of the above

_____ 5.15. In Your Name's Beach Barkers, what account should be used to record owner investments?
A. Your Name, Capital
B. Your Name, Investments
C. Opening Balance Equity
D. Retained Earnings

_____ 5.16. To close income and expense accounts in QuickBooks Online, you ___.
A. Record adjusting entries for each account
B. Do not have to do anything
C. Enter a closing date on the Advanced tab in Account and Settings
D. Transfer the total income and total expenses to Retained Earnings

_____ 5.17. Which report calculates the Net Income or Net Loss?
A. Trial Balance
B. Profit and Loss
C. Statement of Cash Flows
D. Balance Sheet

_____ 5.18. Prepaid Insurance is recorded as a(n) ___ in a(n) ___ account.
A. Prepaid Expense, Asset
B. Prepaid Expense, Expense
C. Asset, Asset
D. Expense, Expense

_____ 5.19. After editing an invoice in a closed period, you record the change in income by editing the ___.
A. Closing Date
B. Adjusting entry transferring Net Income and Retained Earnings into Capital
C. You do not edit anything, you record another adjusting entry
D. Both A and B

_____ 5.20. To record the decrease in value for a fixed asset, you record ___.
A. Depreciation
B. Depreciation Expense
C. A Net Loss
D. Both A and B

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

5.21. The _____ -basis of accounting records income or revenue at the time cash is received and expenses at the time they are paid.

5.22. In a sole proprietorship, an owner's paycheck is considered a(n) _____.

5.23. When you make changes to the report footer, you click the _____ button to save the change for future reports.

5.24. In Your Name's Beach Barkers, the entry to transfer Net Income to Capital is made by debiting _____ and crediting _____.

5.25. A _____ is prepared to record an automatic loan payment from the bank.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

5.26. What two accounts did you transfer the Opening Balance Equity into? _____

_____

5.27. What was the amount of Net Income shown on the Profit and Loss report prior to closing the period? (Printed Document 8) _____

5.28. What was the total amount of owner withdrawals for January? _____

5.29. What business form did you complete to record the owner's withdrawals? _____

5.30. What was the amount of the adjusting entry for Kennel Supplies? _____

5.31. Where did you record the automatic loan payment for Furniture & Fixtures? _____

5.32. What account do you Debit when closing Your Name, Drawing? _____

5.33. What is the amount of Total Assets in the Balance Sheet for 2019 prepared after all closing entries and adjustments? (Printed Document 12) _____

5.34. What was the amount of the adjusting entry to transfer Net Income and Retained Earnings after correcting Invoice 1016? _____

5.35. What is the amount of Net Income shown on the Balance Sheet for 2020? _____

CHAPTER 5 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

- ___ 1-Ck 17 Ch 5
- ___ 2-Journal Ch 5
- ___ 3-Bal Sheet Ch 5
- ___ 4-Reconcile Rpt Ch 5
- ___ 5-Stmt of Cash Flows Ch 5
- ___ 6-Ck 18 Ch 5
- ___ 7-Reconcil Rpt (2) Ch 5
- ___ 8-P&L Ch 5
- ___ 9-Bal Sheet (2) Ch 5
- ___ 10-Inv 1030 P Vines Corrected Ch 5
- ___ 11-P&L Revised Ch 5
- ___ 12-Bal Sheet 2019 (3) Ch 5
- ___ 13-Bal Sheet 2020 (4) Ch 5
- ___ 14-Journal Ch 5
- ___ 15-Trial Bal Ch 5

SALES AND RECEIVABLES: PRODUCTS/INVENTORY AND SERVICE ITEMS, SALES TAX, AND DISCOUNTS

6

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

6.01. Understand the accounting for both inventory and service items.
6.02. Know that QuickBooks Online uses FIFO (First In-First Out) Inventory Valuation.
6.03. Download and import a Company Logo into QuickBooks Online.
6.04. Change Settings.
6.05. Create and use Customized Sales Forms.
6.06. Add and use Locations and Classes.
6.07. Expand the Payment Methods List.
6.08. Set up Sales Tax and mark Inventory items Taxable.
6.09. View Quantity On Hand of products (Inventory items).
6.10. Record sales on account using both service and product (Inventory) items.
6.11. View Inventory Valuation Summary.
6.12. Understand how Sales of Product Income, Inventory Assets, Cost of Goods Sold, and Sales Tax accounts are used to record sales of inventory items.
6.13. Edit a Customer Account and enter Notes in a Customer's account.
6.14. Create a Bundle of sales items.
6.15. Enter a Delayed Charge.
6.16. Convert a Delayed Charge to an Invoice.
6.17. Prepare the Invoice List report.
6.18. Prepare Credit Memos.
6.19. Correct an Invoice.
6.20. Customize reports and use them.
6.21. Prepare the Customer Balance Summary report.
6.22. Void and Delete Invoices.
6.23. Adjust the closing entry for Net Income after voiding an Invoice.
6.24. Add new Product (Inventory) items.
6.25. Record Sales Receipts.
6.26. Use Debit and Credit cards as payment methods for Sales Receipts.
6.27. Record a Refund Receipt.
6.28. Understand the differences between Sales, Merchandise, and Purchase Discounts.
6.29. Add new Sales Terms.
6.30. Records Sales Discounts.
6.31. Receive Payments from customers.
6.32. Change Customer terms.
6.33. Record Bank Deposits.

6.34. Record an NSF (non-sufficient funds) Check.
6.35. Prepare and Customize reports including Customer Balance Detail, Sales by Product/Service Summary, Sales by Class Summary, Sales by Location Summary, Journal, and Trial Balance.

ACCOUNTING FOR RECEIVABLES AND SALES OF INVENTORY AND SERVICE ITEMS

In Chapter 3, information was presented, transactions were entered, and reports were created for cash and credit sales of services. When a sale was on account, an invoice was prepared. When the customer paid the amount due for the invoice, a payment receipt was recorded. If the sale was paid for at the time of purchase, a sales receipt was prepared. Whether the transaction is for a service item or a product, the same forms are still prepared.

When you sell a product, you will have an inventory of products on hand that are ready to be sold. QuickBooks Online keeps track of the quantity of products on hand, maintains the value of the inventory, and uses the FIFO (First In, First Out) method of calculating the cost of goods sold.

In addition to recording sales transactions, customer discounts for early payment, sales tax, and non-sufficient funds checks are part of running a business. Transactions for these situations are included in this chapter.

Once again, reports will be prepared and customized to manage accounts receivable, review sales, manage products and inventory, and provide standard accountant information.

TRAINING TUTORIAL AND PROCEDURES

Continue to use the Test Drive Company for practice and the fictional company, Your Name's Beach Barkers, to record sales on account and cash sales of products and services, receive payments, prepare credit memos and refunds, process non-sufficient funds checks, record early payment sales discounts, create and use locations, record sales tax, and customize business forms and reports. In certain sections of the chapter, transactions may need to be entered into the Test Drive Company before you can complete a drill.

Just as you did in Chapters 2-5, you will enter additional transactions near the end of the chapter. These transactions are similar to the ones you entered in the Test Drive Company and in Your Name's Beach Barkers so no step-by-step instructions will be given. If you need to refer back to the chapter materials to make the entries, you should feel free to do so. If you can enter them without looking back, you have learned how to do something on your own in QuickBooks Online.

Because recording sales information and managing inventory is the life-blood of the company, it is extremely important to have an in-depth understanding of this. As a result, there will be a few more transactions completed in this chapter than you did in some of the other chapters.

Pay careful attention to quantities, amounts, and dates as you work through the chapter. A careless error can require a tremendous amount of effort to correct.

DATES

Remember that the year used for the screenshots is 2019. Continue to use the same year that you used in Chapters 2-5, which should be the current year. For Chapters 6, 7, and 8, the month used will be February. If QuickBooks Online inserts the current date into a transaction, be aware of this and be sure to use the date indicated in the text. There are instances where QuickBooks Online uses the current date no matter what date you insert. The Reconciliation report is an example of this. The rule is, if you cannot change a date, accept the date given. Don't forget that the Test Drive Company is programmed to automatically change dates and that the dates shown in the text will not match the ones shown on your computer. When using the Test Drive Company, you may have to use the current date in some of the practices in order to access the desired data. Instructions will be given when this occurs.

IMPORTANT NOTE

As has been stated in earlier chapters, QuickBooks Online is constantly evolving with the addition of new features and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed/Horne Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text, new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/horne** and click on the Student Download Page at the beginning of each chapter.

CUSTOMIZE QUICKBOOKS ONLINE

In the first part of the text, you used QuickBooks Online's basic formats and business forms. You learned how to customize reports and save them for future use. There are other areas of customization that may be used. From this point forward, we will use a logo for Your Name's Beach Barkers and will create and use customized sales forms.

DOWNLOAD LOGO FILES—DO

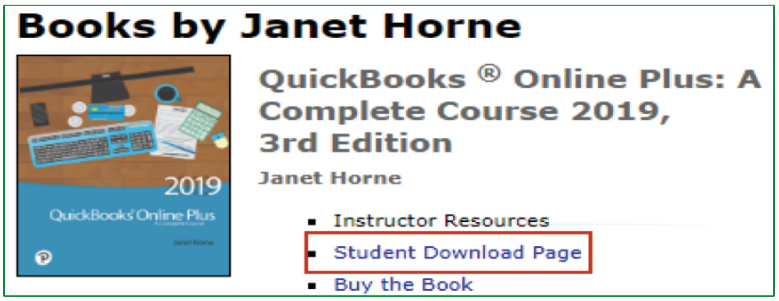
A company logo is a small picture that will appear on the Home Page in QuickBooks Online and in printed business documents. In order to include a logo for Your Name's Beach Barkers, you will need to download the .jpg logo files posted for your use on the Pearson Web site: **http://www.pearsonhighered.com/horne/**. You will follow procedures that are very similar to the Excel file downloads covered in Chapter 2.

DO

Download Logo files

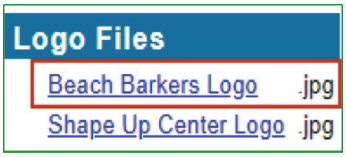
Insert your USB drive into your computer or ask you professor for specific directions to be used at your school
Open your Web browser
Enter the address **http://www.pearsonhighered.com/horne/**

- When completing the steps shown, be sure to use the material posted for the 2019 text.
- Check with your instructor to determine if you will use a different procedure.
- **IMPORTANT**: Depending on your operating system and the Web browser you use; your screens may be different from the examples shown. If so, complete the download using the prompts from your program. Ask your instructor for assistance if necessary. Chrome is used for the file download.



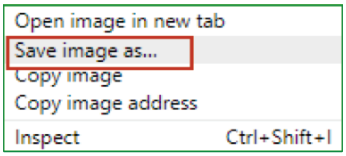
Click **Student Download Page**

- You will see a section for Logo files containing logos for Beach Barkers and Shape Up. If the spaces are underlined in the file name, that is ok.



Click **Beach Barkers Logo**
The file will be opened in Google
Right-click the Logo, click **Save image as…**

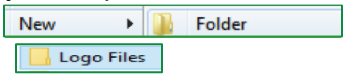
- Make sure your USB drive is inserted into your computer.



Scroll through the list of storage locations shown, click the letter shown for your USB drive, click **OK**

- If your USB drive location is not shown, click **Computer** (or the name of your computer) to expand the list of storage locations.
- The text uses **J:** as the USB drive location. Your location may be different.

Right-click in the area beneath your Import Files for Beach Barkers 2019 folder
Point to **New**, click **Folder**



Name the Folder **Logo Files**
Make sure the File Name is **Beach Barkers Logo**
Click **Save**
You should return to the logo displayed in Google
Click the tab for the Pearson Web site
Repeat to download the file for **Shape Up Center Logo**

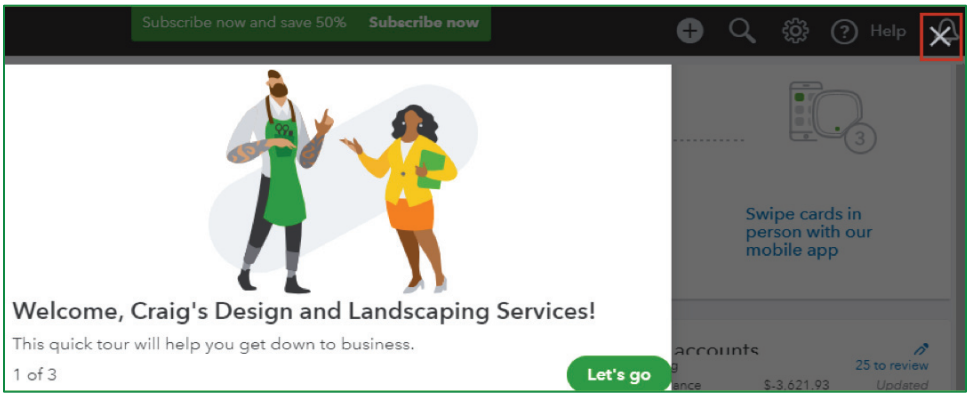
IMPORT LOGO—DRILL

Before adding a logo to Your Name's Beach Barkers, you will once again practice the procedure using the Test Drive Company.

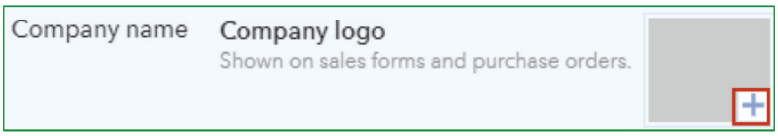
DRILL

Open the **Test Drive Company** as previously instructed

- If you ever get the three-screen introduction when you open the Test Drive company, click the Close button on the first screen to skip and close the introduction. Be sure not to close QuickBooks.



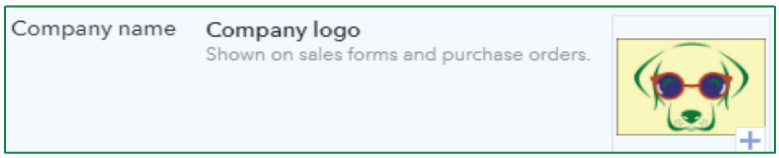
Click the **Gear** icon
In the column for Your Company, click **Account and Settings**, and, if necessary, click the **Company** tab
Click the **Pen** icon for Company name
Click the **+** in the lower-right corner of the empty logo



On the Logos page, click the Logos icon
Scroll through the list of storage locations on the left side of the pane, click your USB drive
Double-click the **Logo Files** folder
Click **Beach Barkers Logo**, then click **Open**

- If the spaces in the file name are underlined, that is ok. The logo will be inserted into the Logo page.

Click **Save**
The Logo now shows as the Company logo



Click **Save** for the Company name section
Click **Done** on the Account and Settings page

- The logo should appear on the Home Page (if it doesn't do not worry, sometimes the Test Drive Company is a little sluggish in displaying the logo). It will also appear on your printed business documents.

Do not close the Test Drive Company, continue with the next section

6

CUSTOMIZE SALES FORMS—DRILL

In the earlier chapters within the text, all business forms were prepared and printed using the standard formats provided in QuickBooks Online. In this section, you will practice creating a customized invoice. You may choose to create a new style so you can switch between the standard invoice and your customized invoice.

DRILL

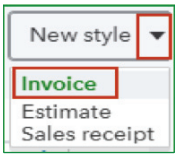
Continue to use the **Test Drive Company** to create a Custom Form Style

Click the **Gear** icon, click **All Lists** in the Lists column

- You will see all the lists used in QuickBooks Online.

Click **Custom Form Styles**

Click the drop-down list arrow for New Style

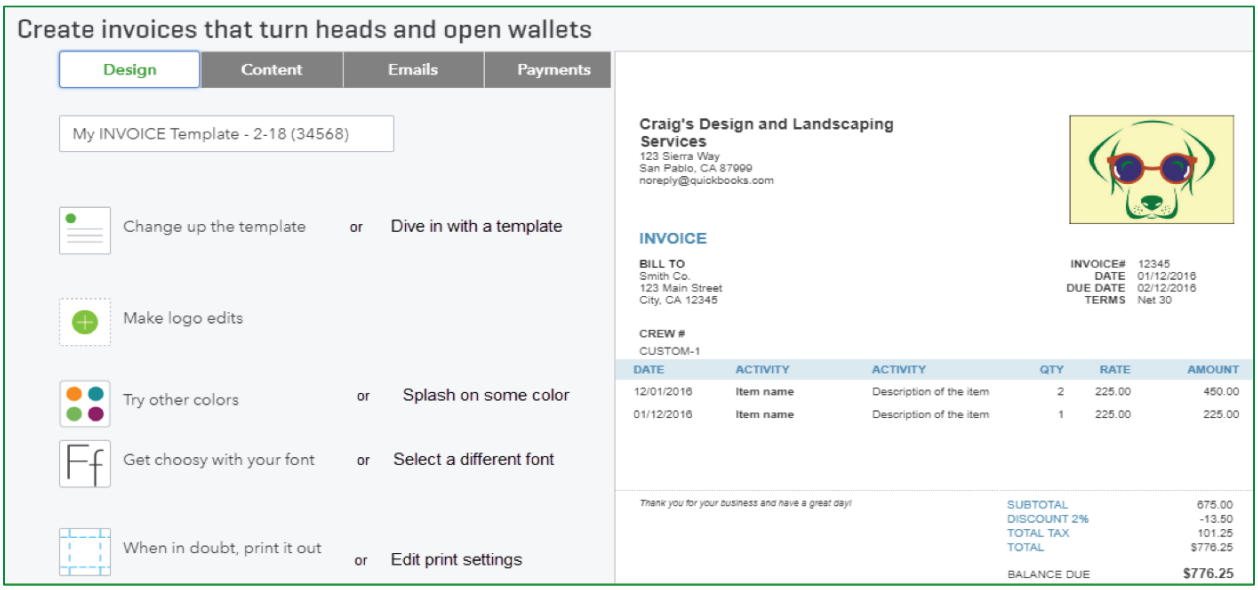


- You may create custom styles for: Invoice, Estimate, and Sales Receipt.

Click **Invoice**

You will see the screen and the steps followed to customize an Invoice

- Note: Your My INVOICE Template number may not be the same as the one shown.



On the Customize form style screen, click **Change up the template** or **Dive in with a template**

- At the time of this writing, there were two different screens that may be shown to create a template. Use whichever selection is shown.

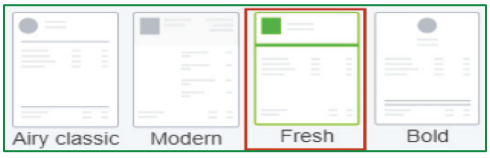
You will see a list of invoice styles

Click each of the styles to see how the invoice changes

- Airy classic is the style used for your earlier Invoices.

Click **Fresh** to use as your Custom Logo Style

Click **Make logo edits**



Click the **M** circle for Size and the **Left** circle for Placement

Click the section for **Try other colors** or **Splash on some color**

Click the green color in the top row

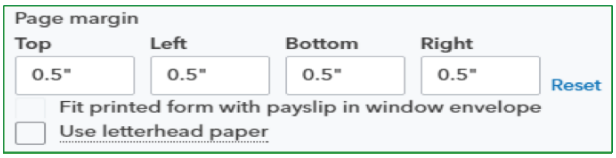
Click **Get choosy with your font** or **Select a different font**

Click the drop-down list arrow for the font and the size and explore the effect on the invoice

Continue to use **Helvetica** for the font and **10pt** for the font size

Click **When in doubt, print it out** or **Edit print settings**

Use **0.5** for all margins



Click the **Content** tab

Click the **Pen** icon for the Heading section

- Scroll through and review the information shown.

Click **+Custom field** to expand

Click the check box for Crew # to remove the check mark

Click the **Pen** icon for the Activity (Middle) section

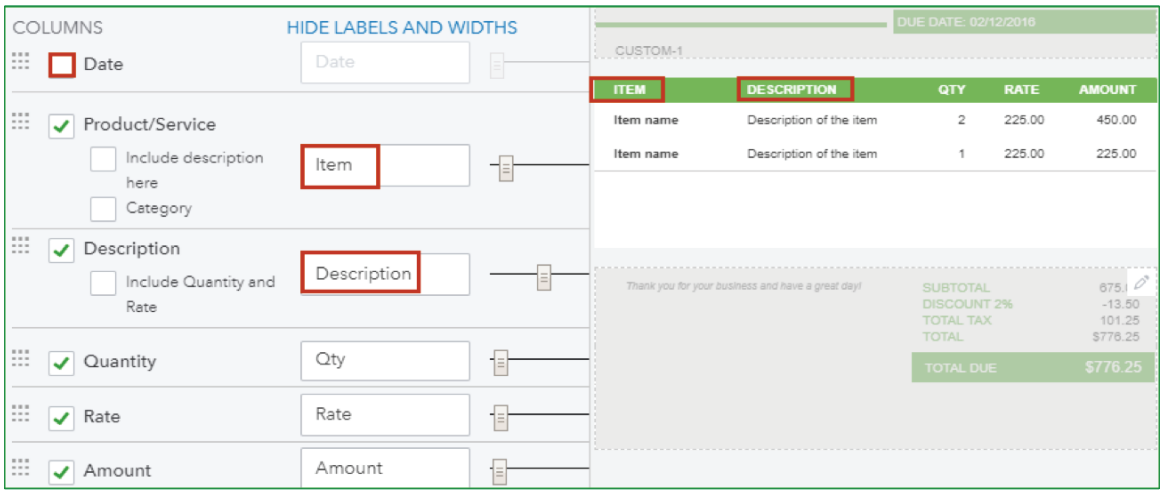
- This is the part of the invoice that has columns for Date, Activity, Qty, Rate, and Amount.

Click the check box for **Date** to remove the check mark

Click **Edit Labels and Widths**

Change the label for Product/Service from Activity to **Items**

Change the label for Description from Activity to **Description**



Click the **Pen** icon for the Totals and Message (Footer) section

Change the Message to **Thank you for your business!**

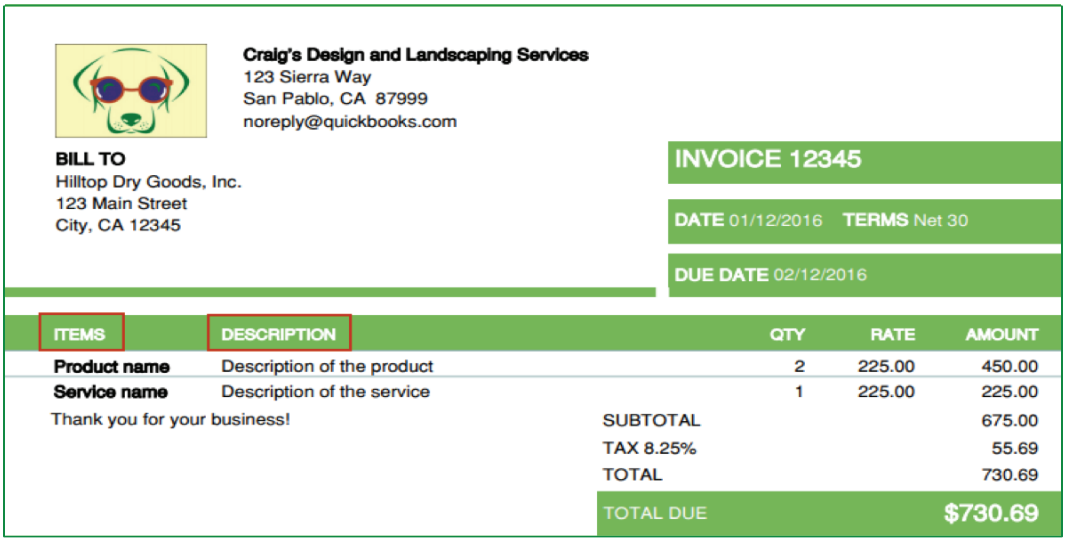
Click the **Emails** tab

View the text used for emailing invoices; do not make any changes

Click the **Payments** tab to view; do not make any changes

Click **Preview PDF** to see a sample of your custom invoice

- Sometimes the preview is not an accurate representation of your customized form. Do not be concerned about this during the drill assignment.



Craig's Design and Landscaping Services
123 Sierra Way
San Pablo, CA 87999
noreply@quickbooks.com

BILL TO
Hilltop Dry Goods, Inc.
123 Main Street
City, CA 12345

INVOICE 12345

DATE 01/12/2016 TERMS Net 30

DUE DATE 02/12/2016

ITEMS	DESCRIPTION	QTY	RATE	AMOUNT
Product name	Description of the product	2	225.00	450.00
Service name	Description of the service	1	225.00	225.00

Thank you for your business!

SUBTOTAL	675.00
TAX 8.25%	55.69
TOTAL	730.69
TOTAL DUE	$730.69

Close the Preview then click the **Done** button, close the Test Drive Company

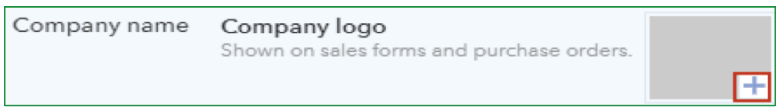
IMPORT LOGO—DO

The Logo you are adding for Your Name's Beach Barkers will appear on printed business forms. These include invoices, sales receipts, purchase orders, etc.

DO

Open the **Your Name's Beach Barkers** as previously instructed

Click the Gear icon, in the Your Company column, click **Account and Settings**, and, if necessary, click the **Company** tab



Click the **Pen** icon for Company name

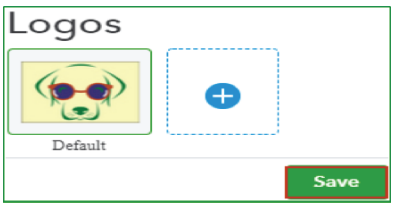
Click the **+** in the lower-right corner of the empty logo

On the Logos page, click the Logos icon

Scroll through the list of storage locations on the left side of the pane, click your USB drive

Double-click the **Logo Files** folder

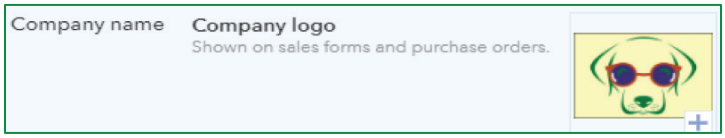
Click **Beach Barkers Logo**, then click **Open**



- If the spaces in the file name are underlined, that is ok. The logo will be inserted into the Logo page.

Click **Save**

The Logo now shows as the Company logo



Click **Save** for the Company name section

Click **Done** on the Account and Settings page

- The logo should appear on the Home Page. It will also appear on your printed business documents.

Do not close Your Name's Beach Barkers, continue with the next section

CUSTOMIZE SALES FORMS AND MAKE THEM THE DEFAULT FORMS—DO

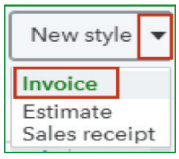
In the earlier chapters within the text, all business forms were prepared and printed using the standard formats provided in QuickBooks Online. In QuickBooks Online, you may customize Invoices, Estimates, and Sales Receipts. In this section, you will create a Custom Invoice and a Sales Receipt.

DO

Continue to use the **Your Name's Beach Barkers** to create Custom Form Styles

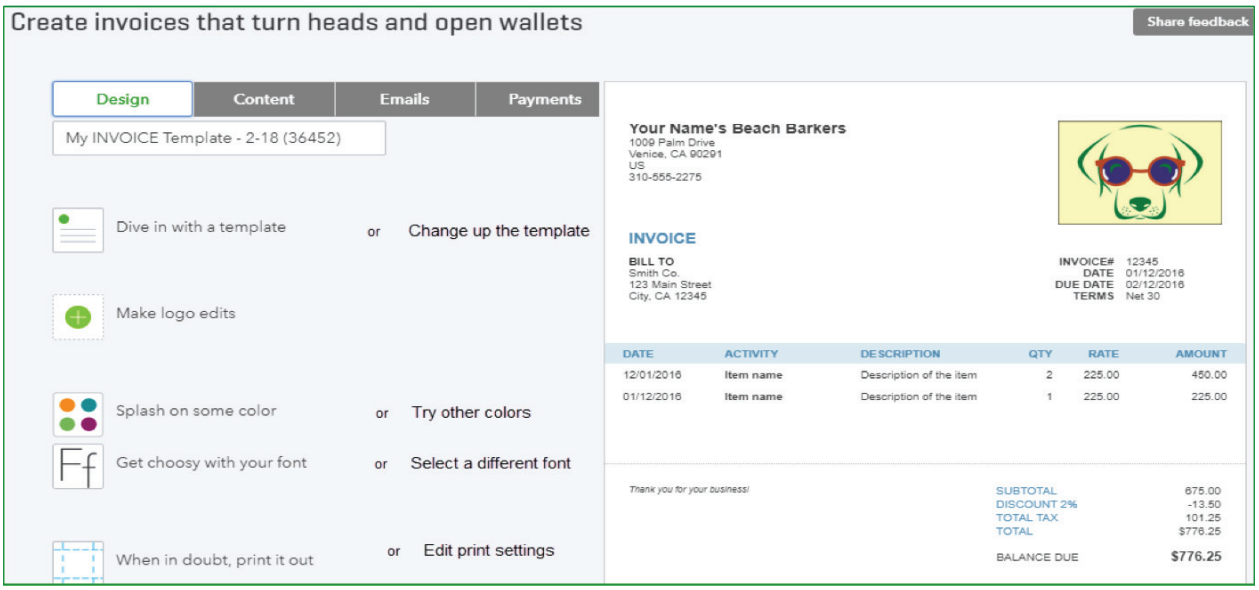
Click the **Gear** icon, click **All Lists** in the Lists column
- You will see all the lists used in QuickBooks Online.

Click **Custom Form Styles**
Click the drop-down list arrow for New Style



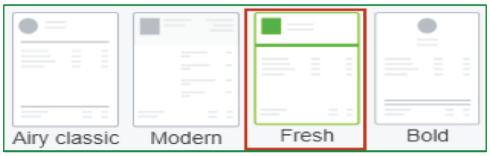
- You may create custom styles for: Invoice, Estimate, and Sales Receipt.

Click **Invoice**
You will see the screen and the steps followed to customize an Invoice
- Note: Your My INVOICE Template number may not be the same as the one shown.



On the Customize form style screen, click **Dive in with a template** or **Change up the template**
- At the time of this writing, there were two different screens that may be shown to create a template. Use whichever selection is shown.

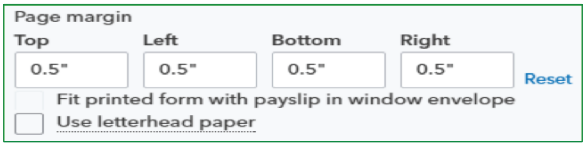
You will see a list of invoice styles
Click each of the styles to see how the invoice changes



- Airy classic is the style used for your earlier Invoices.

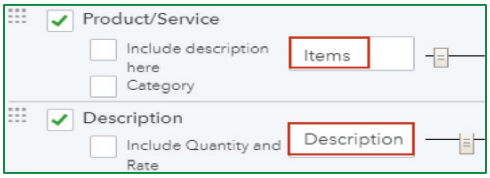
Click **Fresh** to use as your Custom Logo Style
Click **Make logo edits**
Click the **M** circle for Size and the **Left** circle for Placement

Click the section for **Splash on some color** or **Try other colors**
Click the **green** color in the top row
Click **Get choosy with your font** or **Select a different font**
Click the drop-down list arrow for the font and the size and explore the effect on the invoice
Continue to use **Helvetica** for the font and **10pt** for the font size
Click **When in doubt, print it out** or **Edit print settings**
Use **0.5** for all margins
Click the **Content** tab
Click the **Pen** icon for the Heading section



- Scroll through and review the information shown.

Click the **Pen** icon for the Activity (Middle) section
Click **Date** to remove the service date
Click **Edit Labels and Widths**
Change the label for the Product/Service column from Activity to **Items**
Make sure the label for the Description column is **Description**; if not, change it
Click the **Pen** icon for the Totals and Message (Footer) section



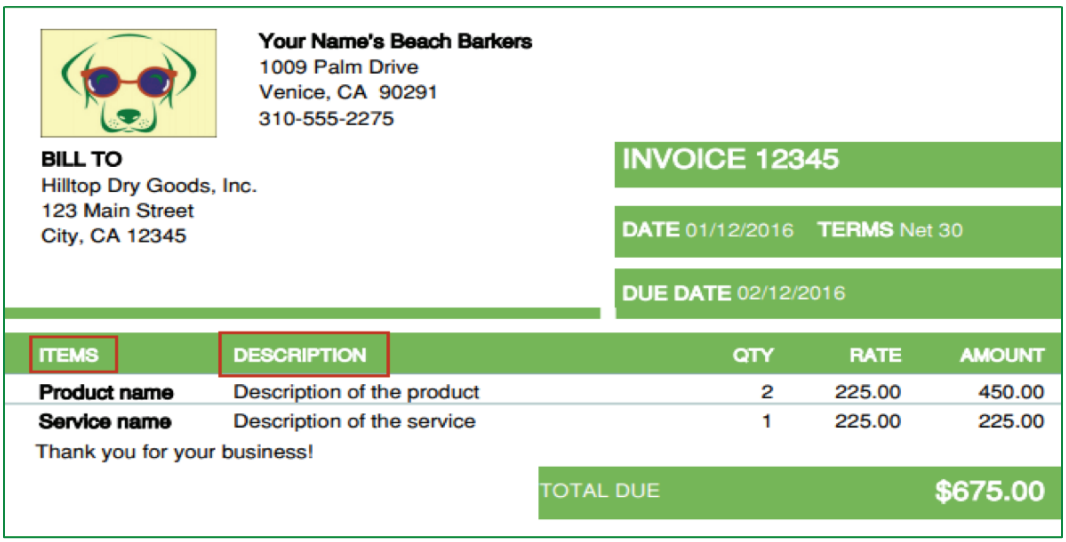
Make sure the message is **Thank you for your business!**

- Remember, you added this message to the company setup earlier in the text.

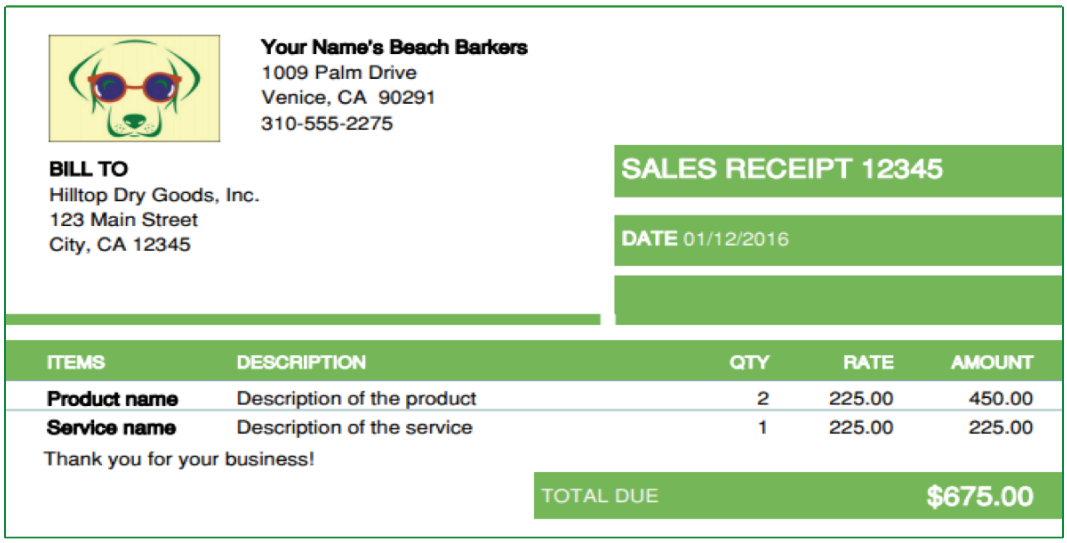
Click the **Emails** tab

- View the text used for emailing invoices; do not make any changes.

Click the **Payments** tab to view; do not make any changes
Since there are no other changes for the Custom Invoice, click the **Preview PDF** button



Close the Preview and then click the **Done** button
Repeat the steps illustrated and create a Custom Sales Receipt
If you get a message regarding Changing templates affects tips, click **Change template**



Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

BILL TO
Hilltop Dry Goods, Inc.
123 Main Street
City, CA 12345

SALES RECEIPT 12345

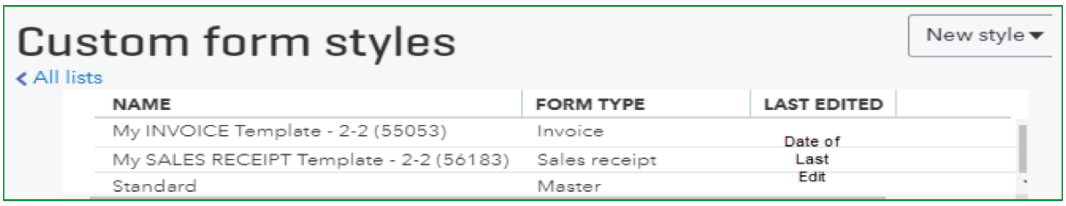
DATE 01/12/2016

ITEMS	DESCRIPTION	QTY	RATE	AMOUNT
Product name	Description of the product	2	225.00	450.00
Service name	Description of the service	1	225.00	225.00

Thank you for your business!

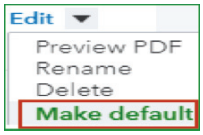
TOTAL DUE $675.00

Close the preview, click **Done**
View the List of Custom Form Styles

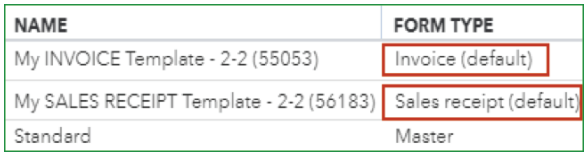


- When you prepare an Invoice or a Sales Receipt, you will have to click the Customize button at the bottom of the business form. To avoid that, you simply make your custom forms the Default.

Click the drop-down list arrow next to Edit for My INVOICE
Click **Make Default**
Repeat to make MY SALES_RECEIPT the Default



- Both forms are shown as (default) and will be used automatically whenever an Invoice or a Sales Receipt is prepared.



NAME	FORM TYPE
My INVOICE Template - 2-2 (55053)	Invoice (default)
My SALES RECEIPT Template - 2-2 (56183)	Sales receipt (default)
Standard	Master

Close Your Name's Beach Barkers

CATEGORIZING TRANSACTIONS—READ

QuickBooks Online allows you to track income and expenses for separate parts of your business. You may track transactions by assigning a Location for different business locations, departments, regions, offices, divisions, among others. For example, if customers purchased items from different stores (locations), you would record separate invoices or sales receipts for each store. This allows you to determine the business results for each store.

The other method of categorizing transactions is into classes. With classes, you can assign the entire transaction to a class and get the same information as using a location. If this is selected, you would need to prepare different invoices or sales receipts for each class used (think of departments as an example). If you assign each line of a transaction to a class, then you can enter multiple items from different classes (departments for example) all on the same invoice or sales receipt.

It is possible to use both location and class tracking within one business. For example, if you had two different stores and you wanted to track the income and expenses for each store, you would create a location. To further track income and expenses by department, you could assign a class for each department within the store locations. You would then prepare separate invoices or sales receipts for each location; while including several classes on the same business document.

In addition to locations and classes, QBO will allow you to categorize Product and Service items. into categories that you specify. For example, in the Test Drive, you could create a category for Construction and then have Concrete, Installation, and Lighting organized within the Construction category. When you display your Products and Services List, you would not see Concrete as a separate item. Instead, you would see Construction:Concrete. If you have a large list of products and services that you sell, it may make it easier to find items based on a category rather than in an alphabetical listing. At the time of this writing, Categories was just beginning to be introduced in Your Name's Beach Barkers.

ADD NEW LOCATIONS—DRILL

If you have more than one location, you may track and categorize data for the individual areas. Location tracking will track individual and group transactions.

DRILL

Open the **Test Drive Company** as previously instructed and create Locations

Click the **Gear** icon, click **Account and Settings** in the Your Company column
Click the **Advanced** tab
Click the **Pen** icon for Categories
Click **Track locations**
Click the drop-down list arrow for Location label

- You will see choices for Business, Department, Division, Location, Property, Store, and Territory.

To select the name of the location, click **Store**, click **Save**

- Track locations shows **On**.

Click **Done**
Click the **Gear** icon again
In the Lists column, click **All Lists**
Click the category **Stores** on the Lists screen

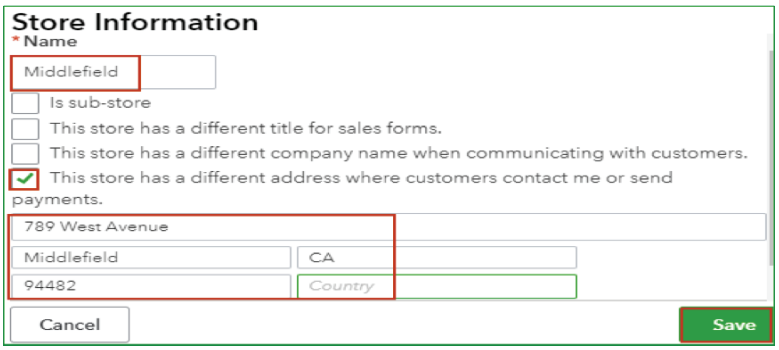
- If you see Location, that means that you didn't save the name of the location as Store.
- Nothing is shown for Stores. Each store location needs to be added to the list.

Click **New** to add your store locations
Click in the Name text box, enter **Bayshore** for the Store Information

- Since this is the original company location, nothing else needs to be changed.

Click **Save**
Click **New** again

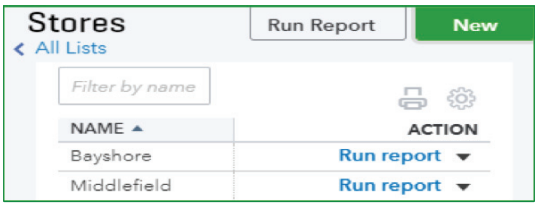
Click in the Name text box, enter **Middlefield**
Click **This store has a different address where customers contact me or send payments**
Enter the address: **789 West Avenue**, press **Tab**
Enter the city: **Middlefield**, press **Tab** two times
Enter the Zip code: **94482**



- Nothing else needs to be entered for the practice.

Click **Save**

- There are now two store locations shown for the Test Drive Company. You will select one of these stores when you enter information for invoices, sales receipts, etc.



Do not close the Test Drive Company continue to the next section

ADD NEW CLASSES—DRILL

Since you are using Locations to differentiate between stores, you may assign classes to differentiate between departments.

6

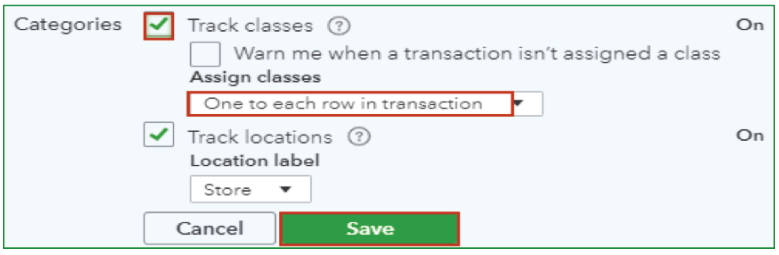
DRILL

Continue to use the **Test Drive Company** to create Classes

Click the **Gear** icon, click **Account and Settings** in the Your Company column
Click the **Advanced** tab
Click the **Pen** icon for Categories
Click **Track classes**

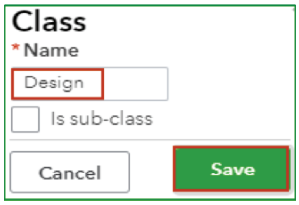
- Unlike locations, classes are not allowed to select a descriptive name; such as, departments, or enter alternate address and other contact information.
- You determine where classes will be assigned, either to each row in a transaction or to each transaction.

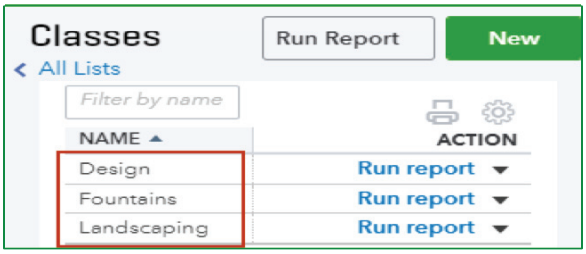
Since you are using locations for each transaction, use **One to each row in transaction**
Click **Save**
Click **Done** for Account and Settings



- If you return to Stores, click **<All Lists**, which is shown beneath Stores. If not, click the Gear icon, click All Lists to return to the Lists for the Test Drive Company.

On the page of Lists, click **Classes**
Since no classes are shown, click **New**
In the Name text box, enter **Design**, click **Save**
Repeat the steps to add **Fountains**, and **Landscaping** as classes





- When you close the Test Drive Company, you will erase the locations and classes. You will need to re-enter them when you return for drills and practice. Instructions will be given when you need to do this.

Do not close the Test Drive Company

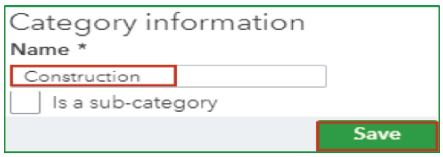
ADD NEW PRODUCT AND SERVICE CATEGORIES—DRILL

For ease of use with large products and services lists, QuickBooks Online allows you to categorize the items you sell. When you use categories for the products and services list, sales items are grouped together according to the category created. For example, Craig's Design and Landscaping Services does construction for small outdoor jobs and may benefit from having the construction sales items grouped together. At the time of this writing, the ability to add Categories to your Products and Services list was being implemented slowly. While you could experiment with categories in the Test Drive Company, it was just beginning to be available for use in Your Name's Beach Barkers.

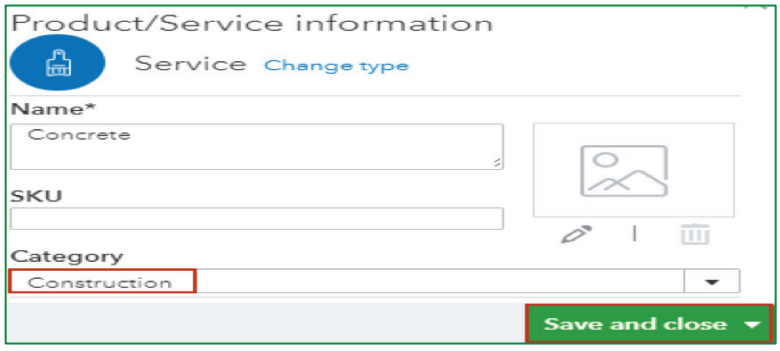
DRILL

Add Categories to the Products and Services List

Click the **Gear** icon, click **All Lists**
In the Products and Services section of lists, click **Product Categories**
Click the **New category** button
Enter the Name: **Construction**, click **Save**



Click **<Products and Services**
Click the **Edit** command for **Concrete**
Click the drop-down list arrow for Category, click **Construction**



- Concrete had already been assigned to the Design category. A sales item cannot be assigned to more than one category. This will move Concrete from Design and put it in the Construction category.

Click **Save and close**

Repeat the procedures to assign Installation to the Construction Category

NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Construction									
Concrete		Service	Concrete for fountain installation	0		✓			Edit
Installation		Service	Installation of landscape design	50					Edit

Close the Test Drive Company

CHANGE SETTINGS—DO

When you have several settings that need to be changed, it is more efficient to change them all at the same time. Since you are adding both Locations and Classes, these will be changed at the same time.

MEMO
DATE: February 1, 2019

Change settings to Track classes and Track locations.

6

DO

Open **Your Name's Beach Barkers** as previously instructed change settings to Track classes and Track locations

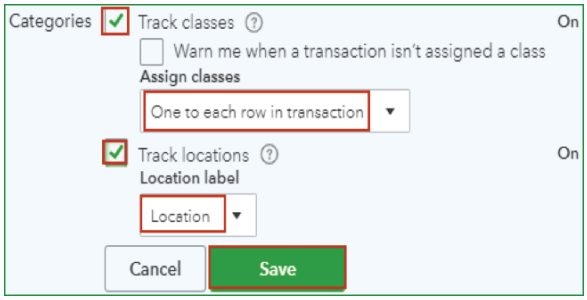
Click the **Gear** icon, click **Account and Settings** in the Your Company column
Click the **Advanced** tab
Click the **Pen** icon for Categories
Click **Track classes** to turn **On**
Leave the selection for Assign classes as **One to each row in transaction**
Click **Track locations** to turn **On**
Use **Location** as the label

- In addition to the current Venice location, you are opening the new Malibu location this month.

Click **Save**

- Track classes and Track locations both say On.

Click **Done** on the Settings screen
Do not close Your Name's Beach Barkers



ADD NEW LOCATIONS—DO

As you learned in the drill, if you have more than one location, you may track and categorize data for individual areas. Location tracking will track individual and group transactions. Since Your Name's Beach Barkers is opening a second location in Malibu, it will be beneficial to track locations.

MEMO
DATE: February 1, 2019

Add Venice to the list of locations.

Add Malibu to the list of locations. Include the following information: Address: 24183 Pacific Coast Hwy, Malibu, 90265; Telephone: 424-555-3647.

DO

Open **Your Name's Beach Barkers** as previously instructed and create Locations

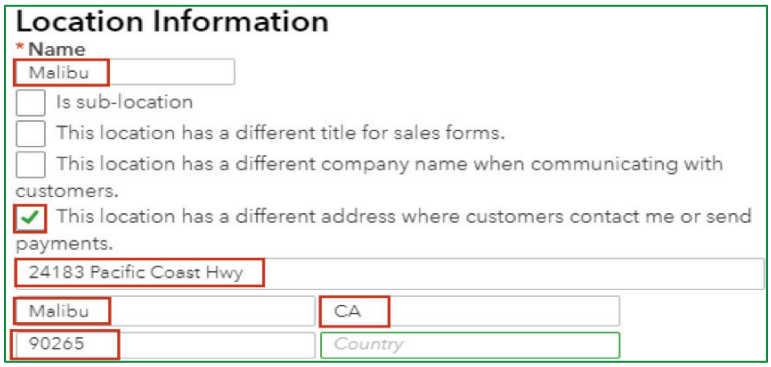
Click the **Gear** icon
In the Lists column, click **All Lists**
Click **Locations** to add the Venice and Malibu locations

- Nothing is shown for Locations. Each store location needs to be added to the list.

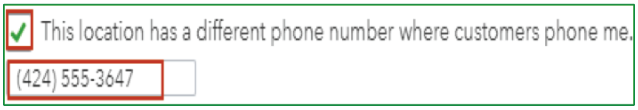
Click **New**
Click in the Name text box, enter **Venice** for the Location Information

- Since this is the original company location, nothing else needs to be changed.

Click **Save**
Click **New** again
Click in the Name text box, enter **Malibu**
Click **This location has a different address where customers contact me or send payments**
Enter the address: **24183 Pacific Coast Hwy**, press **Tab**

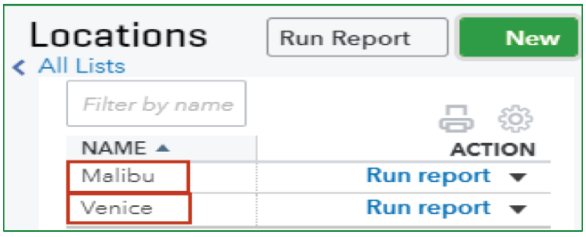


Enter the city: **Malibu**, press **Tab** two times, enter the Zip code: **90265**
Scroll down the Location Information screen, and click **This location has a different phone number where customers phone me.** to select
Enter the phone number **424-555-3647**
Click **Save**



- There are now two locations shown for the Your Name's Beach Barkers. You will select one of these locations when you enter information for invoices, sales receipts, etc.

Do not close Your Name's Beach Barkers continue to the next section



ADD NEW CLASSES—DO

Since you are using Locations to differentiate between Venice and Malibu, you may assign Classes to differentiate between departments or areas in the business. Assigning classes for Dog Care and Boutique will enable you to determine the profitability of each of the two areas in the business. You

could further delineate with Classes or Sub-classes for Grooming, Boarding, Dog Walking, Day Care, etc.; but, for now, you just want to know information for the two classes.

MEMO
DATE: February 1, 2019

Add two Classes: Dog Care and Boutique.

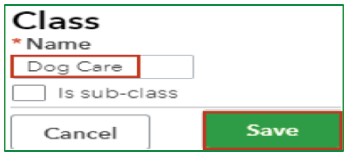
DO

Continue to use **Your Name's Beach Barkers** and create Classes

With the Location List showing on the screen, click **<All Lists**

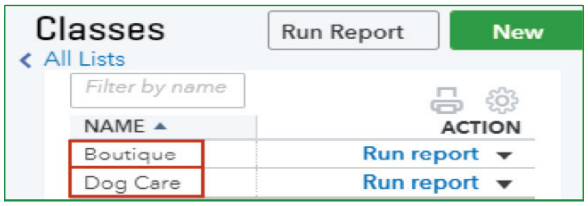
- If you do not see the Location List, click the Gear icon, click All Lists in the List Column.

On the page of Lists, click **Classes**
Since no classes are shown, click **New**
In the Name text box, enter **Dog Care**, click **Save**



Repeat the steps to add **Boutique** as a class

- To help differentiate between the two classes, remember Dog Care is the Class used for all service items. Service items do not have tax. Boutique is the Class used for all inventory items. Inventory items are taxed. At this point, we have not activated sales taxes. However, this will be done later in the chapter.



Do not close Your Name's Beach Barkers, continue to the next section

ASSIGN CLASSES TO PRODUCTS AND SERVICES LIST ITEMS—DO

For ease of use, each product and service item may be assigned to a class. If you do this in the Products/Services List, you will not have to do it individually for each line in a transaction.

MEMO
DATE: February 1, 2019

Assign Products and Services to Classes.

DO

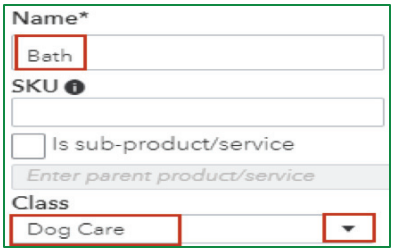
Continue to use Your Name's Beach Barkers and assign products and services to classes

Click the **Gear** icon, click **All Lists** or click **Sales**, then click **Products and Services**
Use the following charts to assign a Class to each sales item

ITEM	TYPE	CLASS
Bath	Service	Dog Care
Boarding	Service	Dog Care
Dog Brushing	Service	Dog Care
Day Camp	Service	Dog Care
Dental Care	Service	Dog Care
Dog Walking	Service	Dog Care
Hours	Service	Dog Care
Nails	Service	Dog Care
Poop Scoop	Service	Dog Care
Services	Service	Dog Care
Training 1	Service	Dog Care
Training 2	Service	Dog Care
Training 3	Service	Dog Care
Transportation	Service	Dog Care

ITEM	TYPE	CLASS
Bones	Inventory(Taxable)	Boutique
Brushes	Inventory(Taxable)	Boutique
Collars	Inventory(Taxable)	Boutique
Dog Beds	Inventory(Taxable)	Boutique
Dog Food-Canned	Inventory(Taxable)	Boutique
Dog Food-Dry	Inventory(Taxable)	Boutique
Dog Snacks	Inventory(Taxable)	Boutique
Leashes	Inventory(Taxable)	Boutique
Sweaters	Inventory(Taxable)	Boutique
Vitamins	Inventory(Taxable)	Boutique

Click **Edit** for the service item **Bath**
Click the drop-down list arrow for Class, click **Dog Care**, click **Save and close**
Repeat the process and assign each sales item to a class



- Remember, once sales taxes are assigned, all Boutique items will have sales taxes applied. Service items do not pay sales tax. Taxable is shown in the chart for clarification when deciding if an item is Dog Care or Boutique.

When all sales items are assigned to a class, read the next section without closing Your Name's Beach Barkers

DEBIT AND CREDIT CARDS—READ

Accepting debit and credit cards has become the normal practice in most businesses. Debit and Credit card sales are treated the same whether they are used to pay for a cash sale or a payment receipt for an Invoice. When a Debit Card is accepted for payment, it is treated just like a payment by check and the amount of the sale/payment is placed into the Undeposited Funds account. When the actual bank deposit is made, the amount is deposited into the checking/bank account.

Credit cards may increase the consumer's buying power and impulse purchasing, which may result in a higher sales amount than a purchase made by cash, check, or debit card. In addition, if a customer does not pay his/her bill, the credit card company is responsible for trying to collect the payment. When a company allows customers to have accounts, the company must get payments from them if they are delinquent with their payments. If customers do not pay what is owed, the amounts owed may have to be written off as bad debts. This results in the loss of income. Many companies choose to pay the bank fees for processing credit cards rather than try to get payments from delinquent customers.

When credit card payments are recorded in QuickBooks Online, they are placed in the Undeposited Funds account until the bank deposit is recorded. In QuickBooks Online the bank fees charged for processing the credit cards are deducted directly from the bank account. When a company accepts credit cards, the payments may be processed by enrolling in a QuickBooks Payment plan. Since our company is fictitious, you will not be enrolling or participating in an actual

payment plan. However, debit and credit cards will be added to the Payment Methods List so you can learn how to record those payments later in the chapter.

EFT AND ACH PAYMENTS—READ

QuickBooks Online allows you to receive electronic payments from customers. These payments come directly from the customer's bank and may be called EFTs (Electronic Funds Transfer) or ACH (Automatic Clearing House). An EFT refers to a variety of payment methods that include ACH Transfer, eCheck, wire transfer, PayPal, direct deposit, and others. The Automatic Clearing House (ACH) is becoming a frequently used payment method. You must subscribe to QuickBooks Payments in order to accept ACH bank transfers in QuickBooks Online. In addition, ACH Transfers must be added as a payment method in QBO. In addition, you may process eChecks through QBO. Both an ACH payment or an eCheck are bank transfers. For an ACH payment, the customer initiates the payment from their bank to yours, whereas, an eCheck means that you obtain authorization from the customer and then initiate the payment from the customer's bank to yours. QBO tends to use the terms ACH and eCheck synonymously.

When your customer pays you online, you record the receipt of the ACH Transfer or eCheck payment on the Sales Receipt or Receive Payments form, select the payment method of ACH Transfer or eCheck, enter the bank information including the Account Number, Account Type, Routing Number, and Name on the account. You may mark this so the account is used in future transactions for the customer. For an eCheck, you must obtain a signed authorization form or script link to open the Bank Transfer Authorization Form, which the customer must sign, read, and approve. You must click the selection regarding I have authorization and would like to process this transaction checkbox. Once you have processed the ACH bank transfer, you will send an email to your customer indicating that you have processed the payment. Since our company is fictitious, you will not be enrolling or participating in an actual payment plan. However, ACH bank transfers and eChecks will be added to the Payment Methods List so you can learn how to record those payments later in the chapter.

ADD PAYMENT METHODS—DO

When you created Your Name's Beach Barkers in Chapter 2, you identified methods of payment as Cash, Check, and Credit Card without creating payment methods for specific types of credit cards. Nor did you select Debit Card. ACH Transfers, or eChecks as payment methods. You may add new payment methods to the Payment Methods List. Since the Test Drive Company already has extensive Payment Methods, you will only create Payment Methods for Your Name's Beach Barkers.

MEMO
DATE: February 1, 2019

Add Payment Methods: Debit Card, MasterCard, Visa, ACH Transfer, eCheck.
Delete the Payment Method: Credit Card.

DO

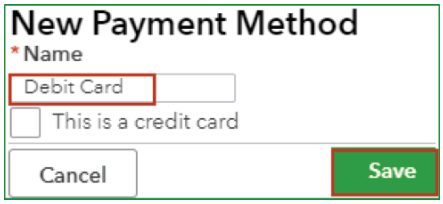
Continue to use **Your Name's Beach Barkers** to add additional Payment Methods

With the Classes list still showing on the screen, click **<All Lists**

- If you do not see the Classes List, click the Gear icon, click All Lists in the List Column.

On the Lists screen, click **Payment Methods**

- You should see Cash, Check, and Credit Card as the Payment Methods.



Click **New**, enter **Debit Card** as the Name for the New Payment Method, click **Save**

Repeat the steps given to enter ACH Transfer and eCheck as payment methods

To add a credit card payment method, enter the name, **MasterCard**, then click **This is a credit card** to identify the payment method as a credit card, click **Save**

Repeat the steps given to add **Visa** as a credit card

- If your company accepted other credit cards that are not identified as a payment method, you would either select Credit Card as the payment method or create a new payment method for the credit card.
- Since you have designated specific credit cards, MasterCard and Visa, you will use those payment methods for credit cards receipts. As a result, it is appropriate to delete the generic payment method of Credit Card.

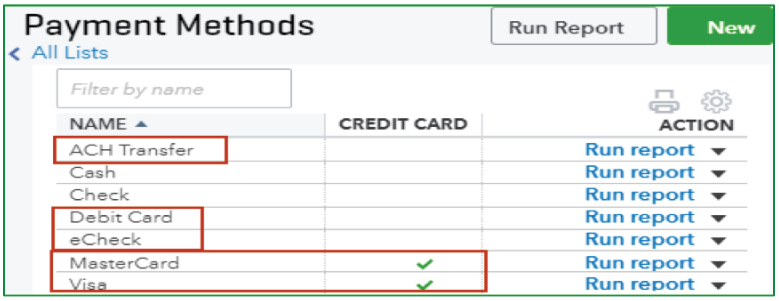
To delete the Credit Card payment method, click the drop-down list arrow for **Credit Card** in the Payment Methods list

Click **Delete**

- If you do not have the option to Delete the payment method, click **Make Inactive**.

Click **Yes** on the message Are you sure you want to delete this?

View your Payment Methods



Do not close Your Name's Beach Barkers, continue with the next section

SALES TAX—READ

A sales tax is a fee, usually a percentage of the sale, charged by government agencies on the sale of products and services.

When collecting sales tax, the customer pays the tax as an add-on to the purchase price. The business collecting the tax forwards the tax amount to the appropriate government agencies. In order to keep track of the sales taxes collected, you use the Sales Tax Center in QuickBooks Online. In the Sales Tax Center, you set up your specific agencies, tax rates, and settings. As you enter taxable sales transactions, QuickBooks Online automatically charges the current tax rate on the sale.

When using the automatic sales tax calculation in QuickBooks Online, there are two ways to determine the location used to calculate sales tax. There is destination-based sourcing, which charges sales tax based on the rates in effect for the ship-to location. This means that the tax is based on where the customer received the merchandise. If it is shipped to the home, the taxes charged for that location is the one used. If the customer picks up the merchandise in the store, then the tax rate charged is the rate charged for the store location. The second method of calculating the sales tax payment is origin-based sourcing. This means that the sales tax is based on the ship-from location. For example, if your customer picks up the merchandise in the store or you send it to the customer's home, the tax rate charged is based the store's location. The text uses origin-based sourcing. In the text, the origin will be the Venice address of Your Name's Beach Barkers.

At the time of this writing, the sales tax rate for both Venice and Malibu was 9.5%. If in the course of using this text, the tax rates change, you will perform an override in order to continue to use the sales tax rate of 9.5%. When it is time to pay the sales tax due to the government agencies, you view and pay the sales tax you owe in the Sales Tax Center.

Since the Test Drive Company has already set up the Sales Tax Center, you will not practice this procedure.

SALES TAX—DO

Our company is based in California, which does not charge sales tax for services provided. However, we do have a Doggie Boutique where we will sell inventory items and collect sales tax on the sale of those items. Since the company address is for the Venice location, you will use this to set up the sales taxes. At the time of this writing, some changes were being made to the screens where you set up sales tax. If your screens are different from the ones shown, follow the prompts given and insert the information requested by QuickBooks Online.

MEMO
DATE: February 1, 2019

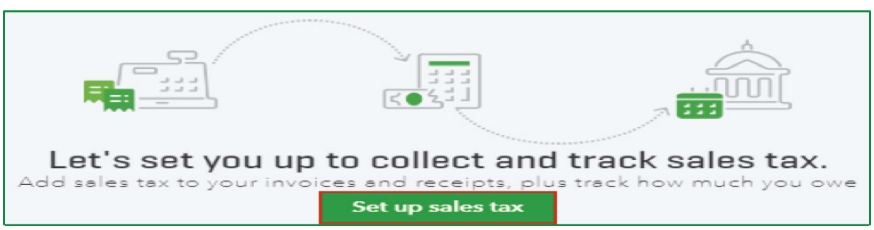
Set up the Sales Tax Center to collect Sales Tax based on the city of Venice, CA (9.5%). Taxes are payable monthly beginning with 1/1/2019.

DO

Continue to use **Your Name's Beach Barkers** to set up the Sales Tax Center

Click **Taxes** on the Navigation bar
- You will see the Sales Tax Center.

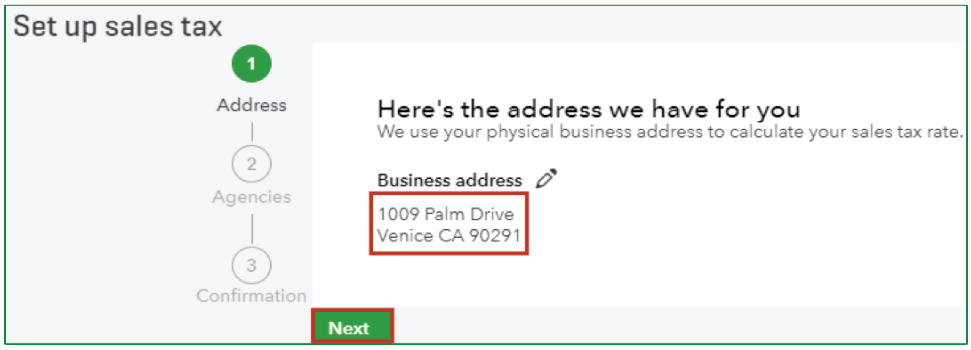
Click the **Set up sales tax** button on the Let's set you up to collect and track sales tax. Screen


Let's set you up to collect and track sales tax.
Add sales tax to your invoices and receipts, plus track how much you owe
Set up sales tax

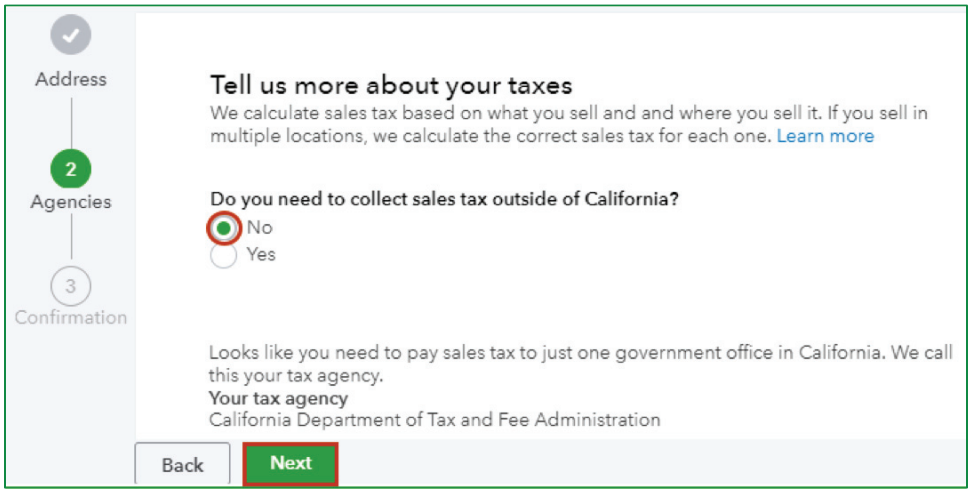
Match your screens to use either Method 1 or Method 2 to setup Sales Tax then complete the section for Both Methods

Method 1

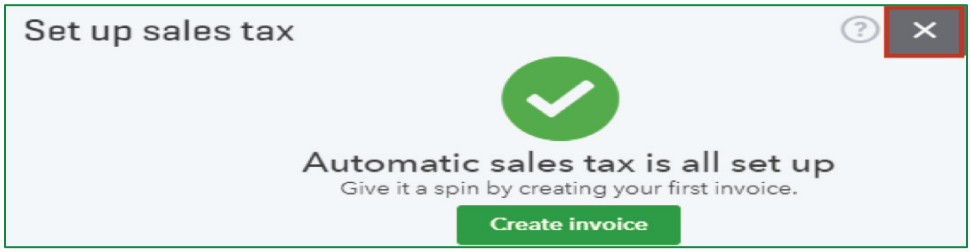
Verify that your company address is correct, then click **Next**



On the Tell us more about your taxes screen, click **No** for the question Do you need to collect sales tax outside of California, then click **Next**


Address
2
Agencies
3
Confirmation
Tell us more about your taxes
We calculate sales tax based on what you sell and and where you sell it. If you sell in multiple locations, we calculate the correct sales tax for each one. Learn more
Do you need to collect sales tax outside of California?
No
Yes
Looks like you need to pay sales tax to just one government office in California. We call this your tax agency.
Your tax agency
California Department of Tax and Fee Administration
Back
Next

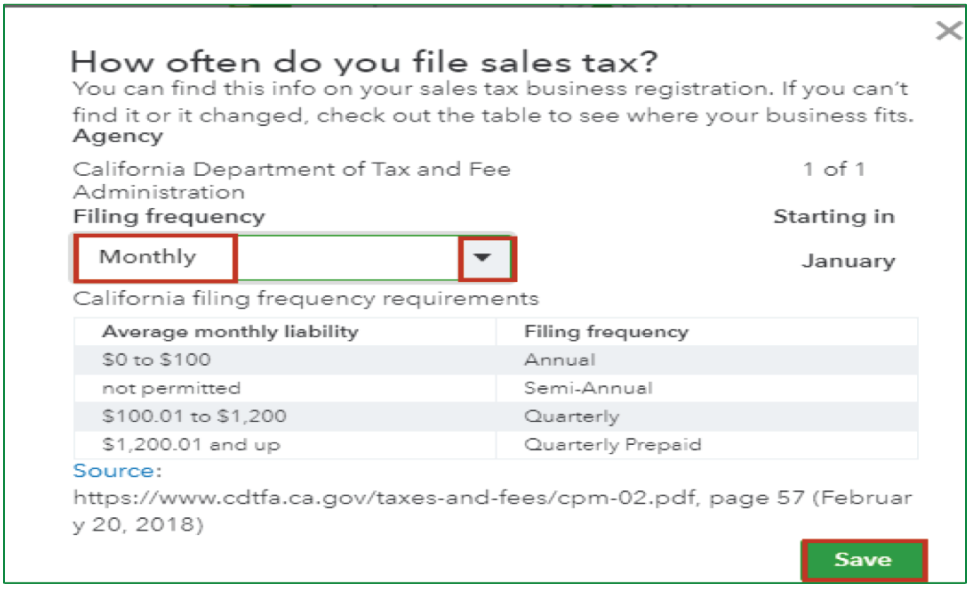
Click the **Close** button on the message that Automatic sales tax is all set up



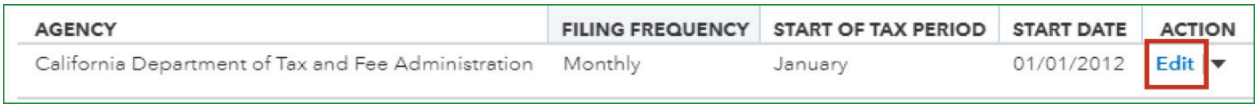
You return to the sales tax center
You will complete the information for How often do you file sales tax?

- If you do not see it automatically, click **Add filing frequency** on the We need a bit more info screen.

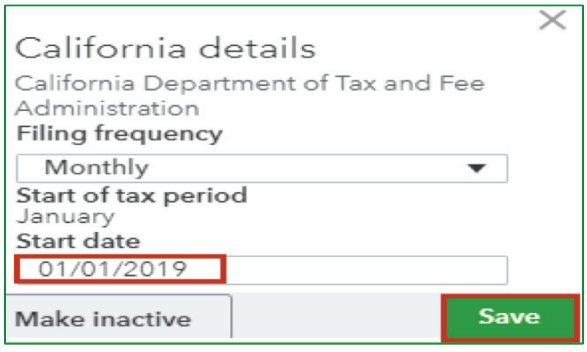
Click the drop-down list arrow for **Filing frequency**, click **Monthly**, then click **Save**



You may see a screen with several overdue amounts
Click **Sales tax settings** at the top of the screen
Click **Edit** in the ACTION column for California Department of Tax and Fee Administration



Enter the Start date of **01/01/2019** (or the year you have been using in the text), click **Save**

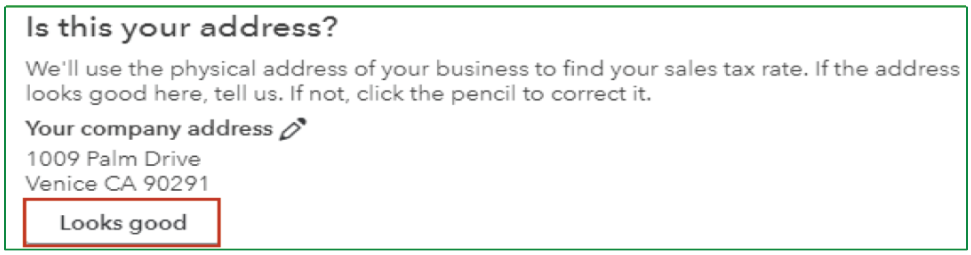


Click **<Back to sales tax** at the top of the Edit Settings screen, view the Sales Tax Due
Continue with the section for Both Methods

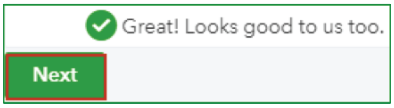
Method 2

Verify that your company address is correct, then click **Looks good**

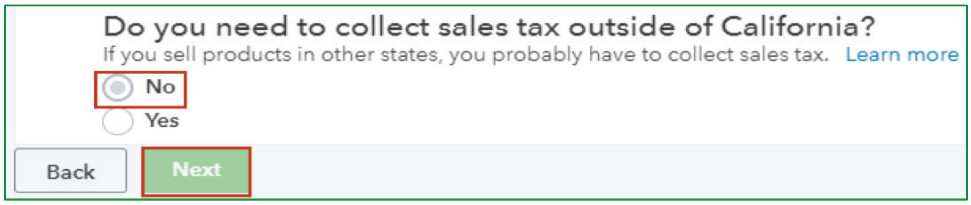
6


Is this your address?
We'll use the physical address of your business to find your sales tax rate. If the address looks good here, tell us. If not, click the pencil to correct it.
Your company address
1009 Palm Drive
Venice CA 90291
Looks good

Once you get the Great! Looks good to us too. message, click **Next**



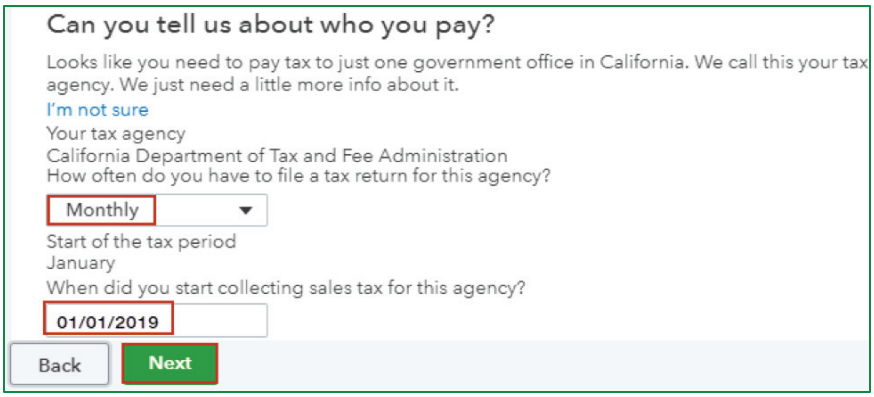
Click **No** on the screen for Do you need to collect sales tax outside of California?


Do you need to collect sales tax outside of California?
If you sell products in other states, you probably have to collect sales tax. Learn more
No
Yes
Back
Next

- The screen may automatically advance to the next screen. If not, click the **Next** button.

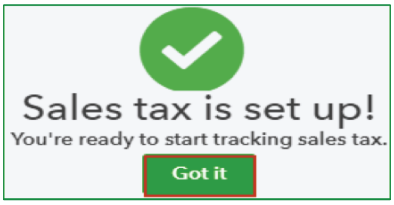
Click the drop-down list arrow for How often do you have to file a tax return for this agency?, click **Monthly**

Enter **01/01/2019** to answer When did you start collecting sales tax for this agency?


Can you tell us about who you pay?
Looks like you need to pay tax to just one government office in California. We call this your tax agency. We just need a little more info about it.
I'm not sure
Your tax agency
California Department of Tax and Fee Administration
How often do you have to file a tax return for this agency?
Monthly
Start of the tax period
January
When did you start collecting sales tax for this agency?
01/01/2019
Back
Next

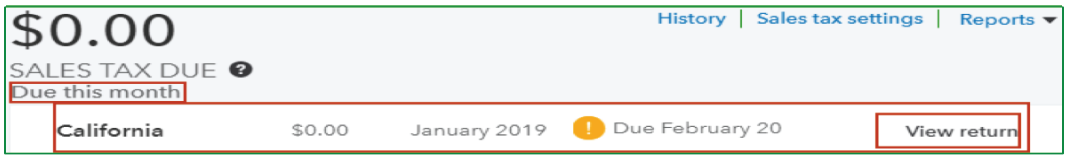
- Even though Your Name's Beach Barkers did not sell any taxable inventory items in January, you will still enter January 1, 2019 as the date in which you started collecting sales taxes.

When you get the Sales tax is set up! message, click **Got it**

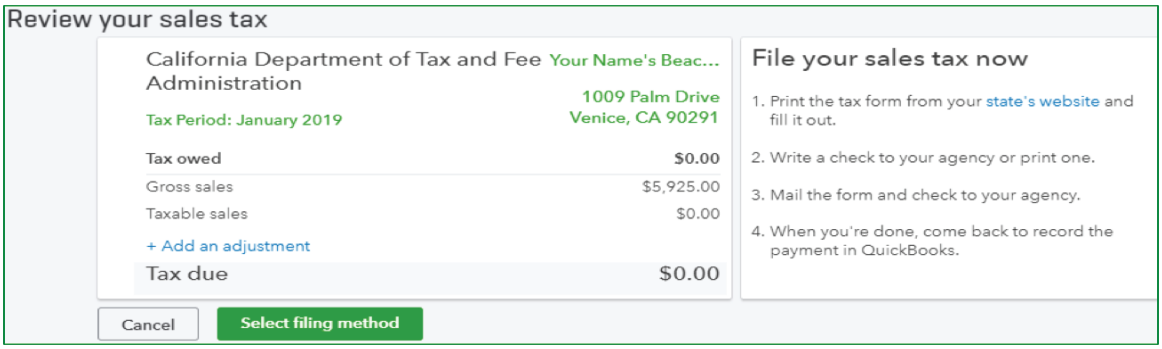


Both Methods

- Now that the Sales Tax has been established, you are returned to the Sales Tax Center. As you can see, no tax is due because none of the transactions recorded to date have included sales tax. Notice that your Due this month shows:
  - California—state where taxes are paid
  - $0.00—current amount of sales taxes due
  - January 2019—date when sales taxes were collected
  - Due—date when the sales tax payment is due
  - View return—shows the amount of sales and taxes due


$0.00
SALES TAX DUE
Due this month
History | Sales tax settings | Reports
California $0.00 January 2019 Due February 20 View return

Click **View return**


Review your sales tax
California Department of Tax and Fee Administration
Your Name's Beac...
1009 Palm Drive
Venice, CA 90291
Tax Period: January 2019
Tax owed $0.00
Gross sales $5,925.00
Taxable sales $0.00
+ Add an adjustment
Tax due $0.00
File your sales tax now
1. Print the tax form from your state's website and fill it out.
2. Write a check to your agency or print one.
3. Mail the form and check to your agency.
4. When you're done, come back to record the payment in QuickBooks.
Cancel
Select filing method

Click **Cancel** to return to the Sales Tax Center

- The section for upcoming taxes shows:
  - California—state where taxes are paid
  - $0.00—current amount of sales taxes due
  - February 2019—date when sales taxes will be paid
  - Accruing—accounting basis used

Do not close Your Name's Beach Barkers

MARK INVENTORY ITEMS TAXABLE—DO

For sales tax to be calculated, the inventory items need to be marked Taxable. To do this you use the Products and Services List and mark each inventory item separately. When you add new inventory items, you mark them when they are created. This has already been done in the Test Drive Company. In addition, the Test Drive does not allow you to insert the Sales Tax Category or What you sell. As a result, you will not practice this procedure.

MEMO
DATE: February 1, 2019

Access the Products and Services List and individually mark taxable items: Bones, Brushes, Collars, Dog Food-Canned, Dog Food-Dry, Leashes, Sweaters, Toys & Treats, and Vitamins. The Sales tax category is Retail, and the What you sell category is Taxable Retail Items for all inventory items.

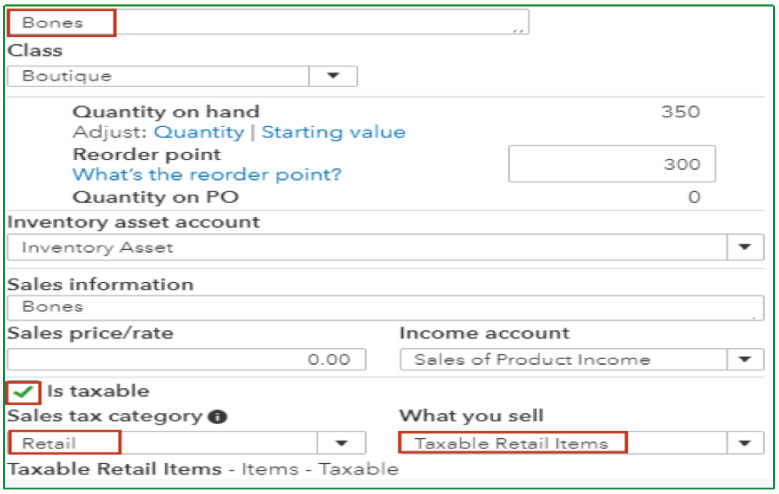
DO

Continue to use **Your Name's Beach Barkers** to mark taxable inventory items

Click the **Gear** icon, then click **Product and Services** in the Lists column; or, click **Sales** on the Navigation bar, click the **Products and Services** tab

6

Scroll through the list of Products and services, click **Edit** for the item **Bones**
Click the **Is taxable** check box beneath Sales price/rate
Click the drop-down list arrow for **Sales tax category**, click **Retail**
Click the drop-down list arrow for **What you sell**, click **Taxable Retail Items**



Click **Save and close**

- Bones is now marked with a check mark in the Taxable column.
- If you do not see a column for Taxable, close the Products and Services list, then reopen it.

Refer to the Memo and repeat the steps to mark all the inventory items as:

- **Taxable**
- Sales tax category: **Retail**
- What you sell: **Taxable Retail Items**

- Make sure that none of the service items are marked taxable. If any are marked, edit them and remove the check mark from the taxable check box.

Print, export, and submit the Products and Services List in Landscape orientation as previously instructed

- If you save the list, name it: **1-Your Name Prod-Svc List Ch 6**

Close Your Name's Beach Barkers

INVENTORY—READ

When your company sells inventory items, QuickBooks Online will keep track of each item, the value of the items, the number of items on hand, and the reorder point. When you create inventory items, you tell QuickBooks Online the cost you paid for the item. This price will be used to value your inventory items at that time. As you purchase additional inventory items, you may pay more or less than you originally did. To account for this when recording sales of inventory items, QuickBooks Online uses the FIFO (First In, First Out) method of inventory valuation.

While you have the inventory on hand, the value of the items (calculated on the price you paid for the item) is shown in the Inventory Asset Account (something you own). When you sell the merchandise, the value of the amount sold (calculated on the price you paid for the item) is removed from the Inventory Asset account and entered into the Cost of Goods Sold account. This means when you sell merchandise, the amount used for Inventory Asset and Cost of Goods Sold will be calculated based on the initial price you paid for the item. Once those items are sold, the next price you paid will be used for the calculation. For example:

Original Widgets: Current Inventory: 10 Widgets
Price Paid: $2 each
Widget Value: $20
Widget Value Inventory Asset: $20 (value of widgets in-stock)
Widget Value Cost of Goods Sold: $0 (value of widgets sold)

Purchase Additional Widgets: Purchase: 5 Widgets
Price Paid: $3 each
Widget Value: $15
Total Widget Value Inventory Asset: $35 (Original $20 and new $15 = $35)
Widget Value Cost of Goods Sold: $0

Sell Widgets: Sell: 8 Widgets
FIFO Selling Cost: $2
Widget Value Inventory Asset: $19
(remaining 2 original Widgets @ $2 = $4 and 5 new Widgets @ $3 = $15)
Widget Value Cost of Goods Sold: $16 (8 original Widgets @ $2 = $16)

Sell Additional Widgets: Sell: 5 Widgets
FIFO Selling Cost: $13 (2 original Widgets @ $2 = $4 and 3 new Widgets @ $3 = $9)
Widget Value Inventory Asset: $6 (remaining 2 new Widgets @ $3 = $6)
Widget Value Cost of Goods Sold: $29
Calculated:
Transaction 1: 8 Widgets @ $2 = $16
Transaction 2: 2 Widgets @ $2 = $4 + 3 Widgets @ $3 = $9 ($4 + $9 = $13)
Transaction 1 Total $16 + Transaction 2 Total $13 = $29

VIEW QUANTITY ON HAND OF PRODUCTS—DRILL

Prior to recording sales transactions for products/inventory items, it is helpful to know how much quantity is on hand. One way to do this is to prepare an Inventory Valuation Summary report.

DRILL

Open the **Test Drive Company** and prepare an Inventory Valuation Summary report

Click **Reports** on the Navigation bar, scroll through the Standard Reports List to the Sales and customers category, click **Inventory Valuation Summary**
Because of automatic date changes in the Test Drive Company, use the **Current Date** for the report
- The information shown includes the Quantity, the Asset Value, and the Average Cost.
- Pay special attention to the quantities on hand.

Craig's Design and Landscaping Services
INVENTORY VALUATION SUMMARY
As of Current Date

	SKU	QTY	ASSET VALUE	CALC. AVG
Design				
Fountains				
Pump	P461-17	25.00	250.00	10.00
Rock Fountain	R154-88	2.00	250.00	125.00
Total Fountains			500.00	
Total Design			500.00	
Landscaping				
Sprinklers				
Sprinkler Heads	S867-56	25.00	18.75	0.75
Sprinkler Pipes	S867-62	31.00	77.50	2.50
Total Sprinklers			96.25	
Total Landscaping			96.25	
TOTAL			$596.25	

Close the report without printing
Do not close the Test Drive Company

ENTER SALES ON ACCOUNT—DRILL

As you did for service items, when you record a sale on account, you complete an Invoice when you sell products/inventory items. Since products that are sold incur sales tax, the tax is also included on the invoice. In addition, to facilitate the frequent sale of a group of items, you may create a Bundle that combines these items into one group. Because you closed the Test Drive Company, remember that you will not have locations, classes, or custom business forms for use.

MEMO
DATE: February 1, 2019

Travis Waldron purchased 1 Pump, 1 Rock Fountain, and 25 Rocks @ $50 each. Record an invoice for his fountain.

Add 5 hours of Design to the invoice for Travis Waldron.

Create a Bundle for Sprinkler Package. The package includes 0 Sprinkler Pipes, 0 Sprinkler Heads, and 0 Installation.

Kate Whelan purchased the Sprinkler Package for 5 sprinkler pipes, 25 sprinkler heads, and 3 hours of installation.

DRILL

Continue to use the **Test Drive Company** to prepare Invoices for sales on account and to create a Bundle for product/service items

Click the **Plus** icon, and then click **Invoice** in the Customers column; or click **Sales** on the Navigation bar, then **Invoices**
Select the customer: **Travis Waldron**
Date: **Current Date**

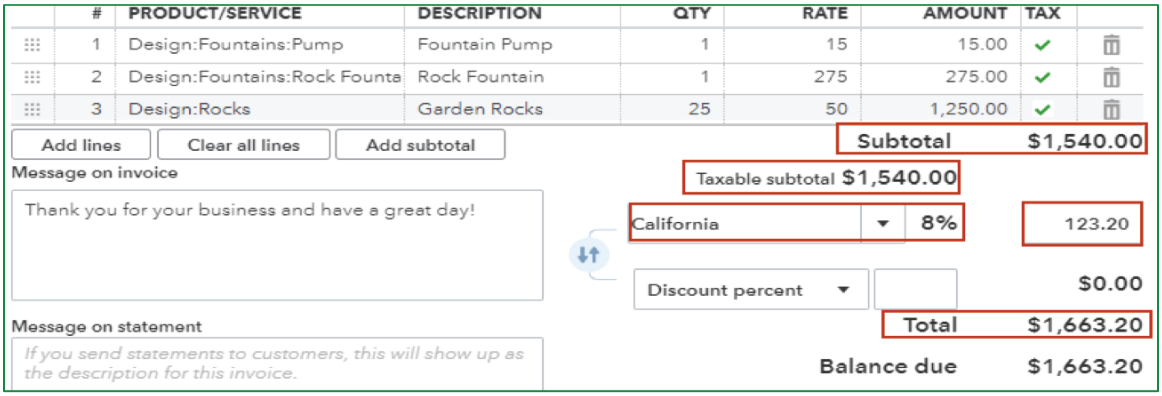
- Once again because of the automatic date change in the Test Drive Company, you will need to use the Current Date on your invoices.

Record the transaction shown in the Memo
Click in the QTY column for Rocks and change the quantity to **25**, press **Tab**
Enter the RATE of **50**, press **Tab**
Once the Product/Service information has been entered, click the drop-down arrow for **Select a sales tax rate**

- Unlike your company, Your Name's Beach Barkers, the Test Drive will not allow you to use the automatic sales tax feature. In the Test Drive Company, you must enter sales tax as follows.

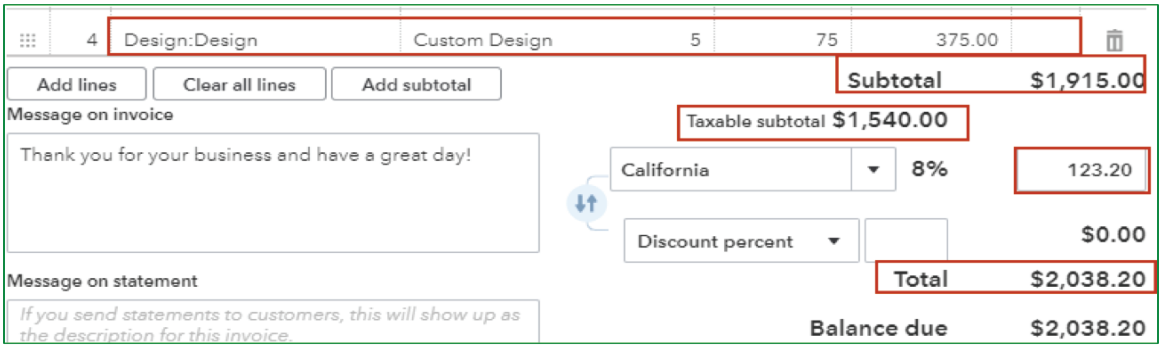
Click **California** to insert a tax rate of 8%

- You will see $123.20 as the amount of sales tax. (Do the math: Taxable Subtotal of $1,540 * .08 = $123.20)



On Line 4, add 5 Hours of Design service to the invoice

- Notice that even though the Subtotal amount changed, the Taxable subtotal of $1,540.00 did not change, nor did the Sales Tax amount of $123.20 change. Services are not taxable items.


4 Design:Design Custom Design 5 75 375.00
Add lines
Clear all lines
Add subtotal
Subtotal $1,915.00
Message on invoice
Taxable subtotal $1,540.00
Thank you for your business and have a great day!
California 8% 123.20
Discount percent $0.00
Message on statement
Total $2,038.20
If you send statements to customers, this will show up as the description for this invoice.
Balance due $2,038.20

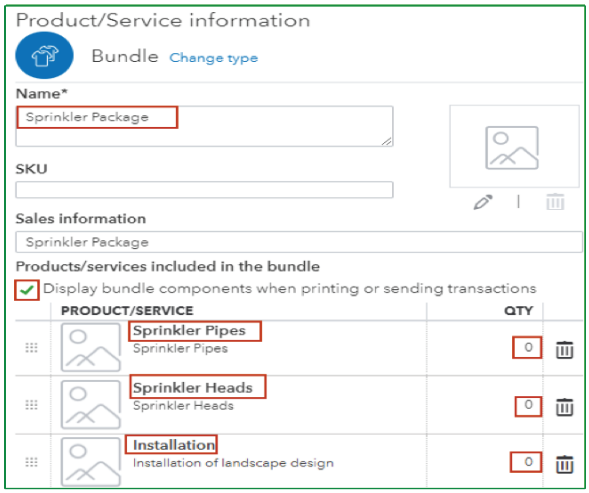
Click **Save and close**
Access the **Products and Services** list as previously instructed
Click the **New** button

- Note the description of a Bundle says "A collection of products and/or services that you sell together…"
- Remember, a category simply groups sales items together for display purposes in the Products and Services list; whereas, a bundle is a group of sales items that is used to sell products/services.

Click **Bundle**
Enter the Name: **Sprinkler Package**

6

Enter the Sales information: **Sprinkler Package**
Click the check box for **Display bundle components when printing or sending transactions**
Click in the textbox for PRODUCT/SERVICE, and then click the drop-down list arrow
Click **Sprinkler Pipes**, press **Tab** and change the QTY to **0**



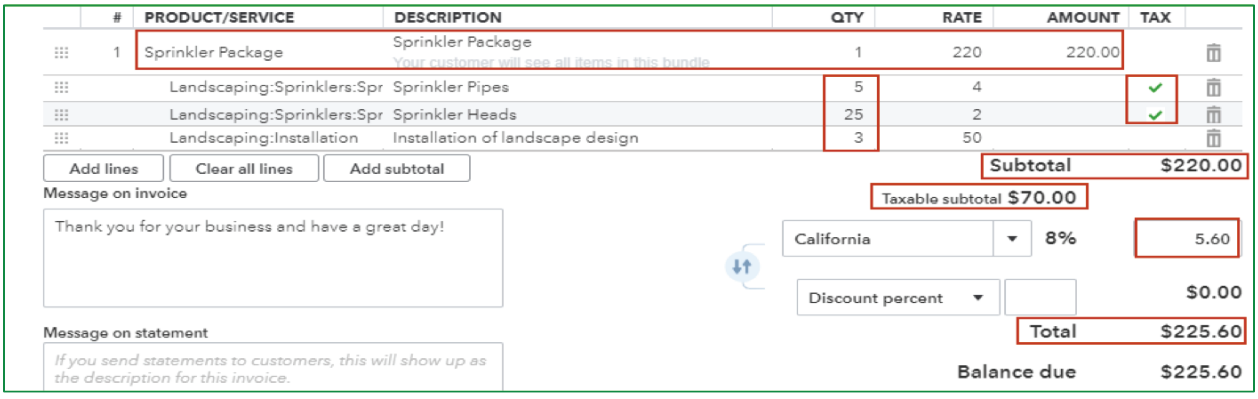
- Because the number of sprinkler pipes used in each sprinkler package varies, the QTY of 1 is changed to 0 for each of the items in the package. When a transaction is recorded, the number of Sprinkler Pipes will be entered for the quantity.

In the next line, select **Sprinkler Heads**, press **Tab** and change the QTY to **0**
In the third line, select **Installation**, press **Tab** and change the QTY to **0**
Click **Save and close**

- You now have Sprinkler Package in the Product/Service List. The Type is Bundle.

Prepare an **Invoice** as previously instructed
Enter the invoice to **Kate Whelan**
Use the **Current Date**
Select **Sprinkler Package** as the PRODUCT/SERVICE and enter the Quantities listed in the Memo to record the invoice
Use **California** for the Tax Rate

- Notice Sprinkler Pipes and Sprinkler Heads are marked for tax and Installation is not. The quantities for each item in the package are shown, but the amount is only shown in the package rate and amount.


PRODUCT/SERVICE DESCRIPTION QTY RATE AMOUNT TAX
1 Sprinkler Package Sprinkler Package 1 220 220.00
Your customer will see all items in this bundle
Landscaping:Sprinklers:Spr Sprinkler Pipes 5 4
Landscaping:Sprinklers:Spr Sprinkler Heads 25 2
Landscaping:Installation Installation of landscape design 3 50
Add lines
Clear all lines
Add subtotal
Subtotal $220.00
Message on invoice
Taxable subtotal $70.00
Thank you for your business and have a great day!
California 8% 5.60
Discount percent $0.00
Total $225.60
Message on statement
If you send statements to customers, this will show up as the description for this invoice.
Balance due $225.60

Click **Save and close**
Do not close the Test Drive Company

VIEW INVENTORY VALUATION SUMMARY—DRILL

To see the effect of the sales of products on the inventory, once again prepare the Inventory Valuation Summary.

DRILL

Continue to use the **Test Drive Company** and prepare an Inventory Valuation Summary report

Prepare the **Inventory Valuation Summary** report as previously instructed
Use the **Current Date**

- Note the quantity for the products and the amount of change since preparing the two invoices: Pump 24 rather than 25; Rock Fountain 1 rather than 2, Sprinkler Heads 0 rather than 25, Sprinkler Pipes 26 rather than 31.

Craig's Design and Landscaping Services
INVENTORY VALUATION SUMMARY
As of Current Date

	SKU	QTY	ASSET VALUE	CALC. AVG
Design				
Fountains				
Pump	P461-17	24.00	240.00	10.00
Rock Fountain	R154-88	1.00	125.00	125.00
Total Fountains			**365.00**	
Total Design			**365.00**	
Landscaping				
Sprinklers				
Sprinkler Heads	S867-56	0.00	0.00	
Sprinkler Pipes	S867-62	26.00	65.00	2.50
Total Sprinklers			**65.00**	
Total Landscaping			**65.00**	
TOTAL			**$430.00**	

Do not close the Test Drive Company
Read the next section then continue to use the Test Drive Company to prepare the Journal

6

INVENTORY ASSETS, COST OF GOODS SOLD, SALES TAX LIABILITY—READ

Prior to preparing the Journal, it is helpful to analyze the effect of transactions that involve products. The following illustrates the types of accounts and calculations used in the Journal for an invoice entered for the sale of a Rock Fountain. If you access the Products/Services List, you will see that a Rock Fountain sells for $275 and that it costs Craig's Design and Landscaping Services $125.

Sales: The amount for which an inventory item is sold is entered in the revenue account. The Rock Fountain was sold for $275 and is recorded as a credit to increase income.

Inventory Assets: When a merchandise item is on hand it is an asset. QuickBooks Online uses Inventory Asset as the account for inventory on hand. To reduce an asset, you credit the account for the value of the item. QuickBooks Online uses the FIFO method of inventory valuation. As previously illustrated, the cost of the item sold is the cost paid for the oldest (first) item: $125.

Cost of Goods Sold: Used to calculate the amount the merchandise cost the company. This amount is deducted from sales to determine the amount of gross profit earned when the merchandise is sold. If the Rock Fountain is sold for $275 and the cost to the company is $125, the amount of gross profit is $150. (Sales - Cost of Goods Sold = Gross Profit). Since the cost of goods sold will ultimately decrease the revenue, you debit the account.

Sales Tax: When sales tax is collected, it is a liability that is owed to the government. To record the liability, you credit the liability account—Sales Tax Payable.

PREPARE THE JOURNAL—DRILL

The Journal records every transaction entered in Debit/Credit format. It is important to view the Journal to see how the sale of merchandise is recorded.

DRILL

Continue to use the **Test Drive Company** and prepare the Journal

With the Inventory Valuation Summary showing on the screen, click **<Back to report list**
Prepare the **Journal** as previously instructed
To isolate the transactions you entered, prepare the Journal for the **Current Date**

- As you examine the transactions, look at Rock Fountain in the transaction for Travis Waldron. The Inventory Asset was reduced by crediting the account $125 (the cost of the fountain). The Cost of Goods Sold was increased by debiting the account $125 (the cost of the fountain). Effectively moving the fountain from Inventory Asset into Cost of Goods Sold. Sales of Product Income shows a credit of $275 (the selling price of the fountain).
- Even though Kate Whelan bought a Sprinkler Package, each item still shows the amounts for Cost of Goods Sold, Inventory Asset, and Sales of Product Income.

Craig's Design and Landscaping Services
JOURNAL
February 1, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
Current Date	Invoice	1038	Travis Waldron		Accounts Receivable (A/R)	$2,038.20	
				Fountain Pump	Sales of Product Income		$15.00
				Fountain Pump	Inventory Asset		$10.00
				Fountain Pump	Cost of Goods Sold	$10.00	
				Rock Fountain	Sales of Product Income		$275.00
				Rock Fountain	Inventory Asset		$125.00
				Rock Fountain	Cost of Goods Sold	$125.00	
				Garden Rocks	Landscaping Services:Job Materials:...		$1,250.00
				Custom Design	Design income		$375.00
					Board of Equalization Payable		$123.20
						$2,173.20	**$2,173.20**
Current Date	Invoice	1039	Kate Whelan		Accounts Receivable (A/R)	$225.60	
				Sprinkler Package			
				Sprinkler Pipes	Cost of Goods Sold	$12.50	
				Sprinkler Pipes	Sales of Product Income		$20.00
				Sprinkler Pipes	Inventory Asset		$12.50
				Sprinkler Heads	Sales of Product Income		$50.00
				Sprinkler Heads	Inventory Asset		$11.25
				Sprinkler Heads	Cost of Goods Sold	$7.50	
				Sprinkler Heads	Inventory Asset		$7.50
				Sprinkler Heads	Cost of Goods Sold	$11.25	
				Installation of landscape des...	Landscaping Services:Labor:Installatio		$150.00
					Board of Equalization Payable		$5.60
						$256.85	**$256.85**
TOTAL						**$2,430.05**	**$2,430.05**

Close the Test Drive Company

VIEW QUANTITY ON HAND OF PRODUCTS—DO

Prior to recording sales transactions for products/inventory items, it is helpful to know how much quantity is on hand. One way to do this is to prepare an Inventory Valuation Summary report.

DO

Open **Your Name's Beach Barkers** and prepare an Inventory Valuation Summary report

Prepare an **Inventory Valuation Summary** report as previously instructed
Date: **02/01/2019**

- The information shown includes the Quantity, the Asset Value, and the Average Cost.
- Pay special attention to the quantities on hand.

Your Name's Beach Barkers
INVENTORY VALUATION SUMMARY
As of February 1, 2019

	SKU	QTY	ASSET VALUE	CALC. AVG
Bones		350.00	700.00	2.00
Brushes		35.00	175.00	5.00
Collars		650.00	6,500.00	10.00
Dog Food-Canned		485.00	1,212.50	2.50
Dog Food-Dry		400.00	2,800.00	7.00
Leashes		450.00	4,500.00	10.00
Sweaters		325.00	4,875.00	15.00
Toys & Treats		3,450.00	6,900.00	2.00
Vitamins		450.00	1,350.00	3.00
TOTAL			$29,012.50	

Close the report without printing. do not close Your Name's Beach Barkers

6

EDIT CUSTOMER—DO

Even though customers have accounts with the company, things can change. As you learned previously, customers can be edited and information may be updated, corrected, added, or deleted.

In this chapter, debit and credit card transactions will be included as payment methods. You have already added the payment methods used by Your Name's Beach Barkers. When recording a transaction using a debit or credit card, you will not be able to enter a card number or any other pertinent card details because Your Name's Beach Barkers is a fictitious company. In order to process these transactions, a company must set up Online Payments and subscribe to QuickBooks Payments.

MEMO
DATE: February 1, 2019

Edit Customer: Megan Rodriguez. Change her name to Megan Ramirez, change her Payment Method to Visa. Add the name of her dog, Buttercup, into the Note section of her account.

DO

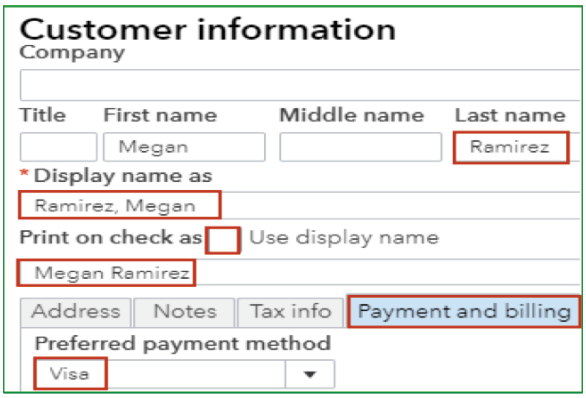
Use **Your Name's Beach Barkers** to edit a Customer

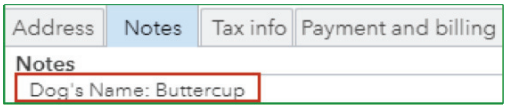
Open the **Customers List**, scroll through the list until you see Rodriguez, Megan
Click **Rodriguez, Megan**, click the **Edit** button
Change her Last name to **Ramirez**, press **Tab**

Click the drop-down list arrow for **Display name as**
Click **Ramirez, Megan**

- Make sure that Print on check as does not have a check mark. If it does, click to deselect.

Change the name shown for Print on check as to **Megan Ramirez**
Click the **Payment and billing** tab
Preferred payment method: click the drop-down list arrow, click **Visa**
Review the changes for Megan's account, then click the **Notes** tab
Enter: **Dog's Name: Buttercup**
Click **Save** to save the changes for Megan Ramirez





- The Note *Dog's Name: Buttercup* is shown just below Megan's address information in the Customers list.

Do not close Your Name's Beach Barkers

ENTER NOTES IN CUSTOMER ACCOUNTS—DO

Since our customers have dogs and bring them to us for care, it is a good idea to have the dogs' names listed in each customer's account. This may be done by adding a note to the account.

MEMO
DATE: February 1, 2019

Create Notes to add Dog Names to Customer Accounts for: David Sanchez: Joe; Joshua Davis: Boomer; Sandi Egkan: Daisy; Gloria Gucci: Mishka; Tracy McCarter: Maggie; Carol Russell: Lily; Kyle Walker: Lucky; and Katie Wilson: Suzy.

DO

Continue to use **Your Name's Beach Barkers** and add Notes to Customer accounts

Click **David Sanchez** in the Customers List
Click **Add notes** beneath his address

- You may also edit David's account and enter the Note the way you did for Megan.

Enter **Dog's Name: Joe** in the Note text box
Click outside the note text box and the note will be saved

Add the Dog Names for the other customers listed in the Memo

- If you make an error on the Note, simply click it and re-enter it correctly.

Do not close Your Name's Beach Barkers

ENTER SALES ON ACCOUNT—DO

Since you practiced recording invoices for product sales using the Test Drive Company a few pages ago, you are ready to record sales on account transactions in Your Name's Beach Barkers. Since products that are sold incur sales tax, the tax is also included on the invoice.

MEMO
DATE: February 1, 2019

Prepare an Invoice for Megan Ramirez for her dog, Buttercup, for 1 Bath, 1 Nails, and 1 Bone $15. Location: Malibu.

DO

Continue to use **Your Name's Beach Barkers** and record Invoices for sales on account

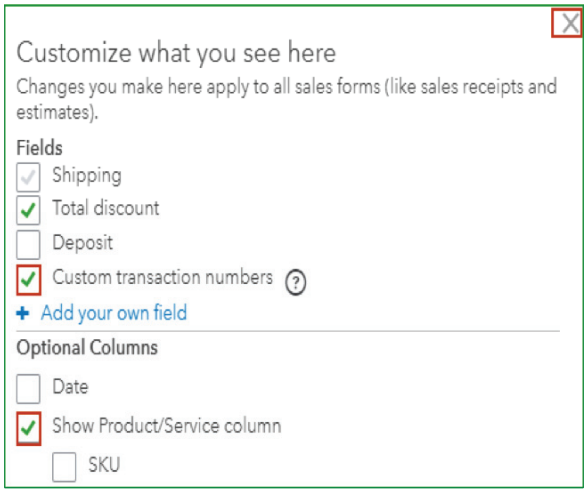
Open a blank invoice as previously instructed
Select the customer: **Megan Ramirez**

- Customers are organized Last name first; however, in transaction information, they will be referred to by first and last name.
- Notice the options for Online Payments displayed. If you click *Finish setup*, you will need to sign up and pay for QuickBooks Payment Services. When you use this service, you will be charged transaction rates by QuickBooks Online for processing the credit card payments and bank transfers. Since we have a fictitious company, we will not be signing up for this service.

Enter the Date: **02/01/2019**

- With the addition of Locations to the Invoice, you may no longer see a field for the Invoice number.

If this occurs, click the **Invoice Gear** icon shown at upper-right section of the Invoice



Click the check box for **Custom transaction numbers**

- This will create a field for Invoice no. and will also create a Sales Receipts no. field for Sales Receipts.

Make sure there is a checkmark for **Show Product/Service column**, if not, click it to mark
Click the **Close** button
The Invoice no. 1053 should be entered automatically; if not, enter **1053**

- You will be using Locations and Classes when entering invoices. Remember to look at the customer's address and select either Venice or Malibu for the location. Locations will be given if there might be any confusion.

Click the drop-down list arrow for Location, click **Malibu**
For Location of sale, use the Venice address inserted by QuickBooks Online

- QBO requires this information in order to calculate the sales tax based on the origin of the sale, which was Venice location given when the tax center was activated.

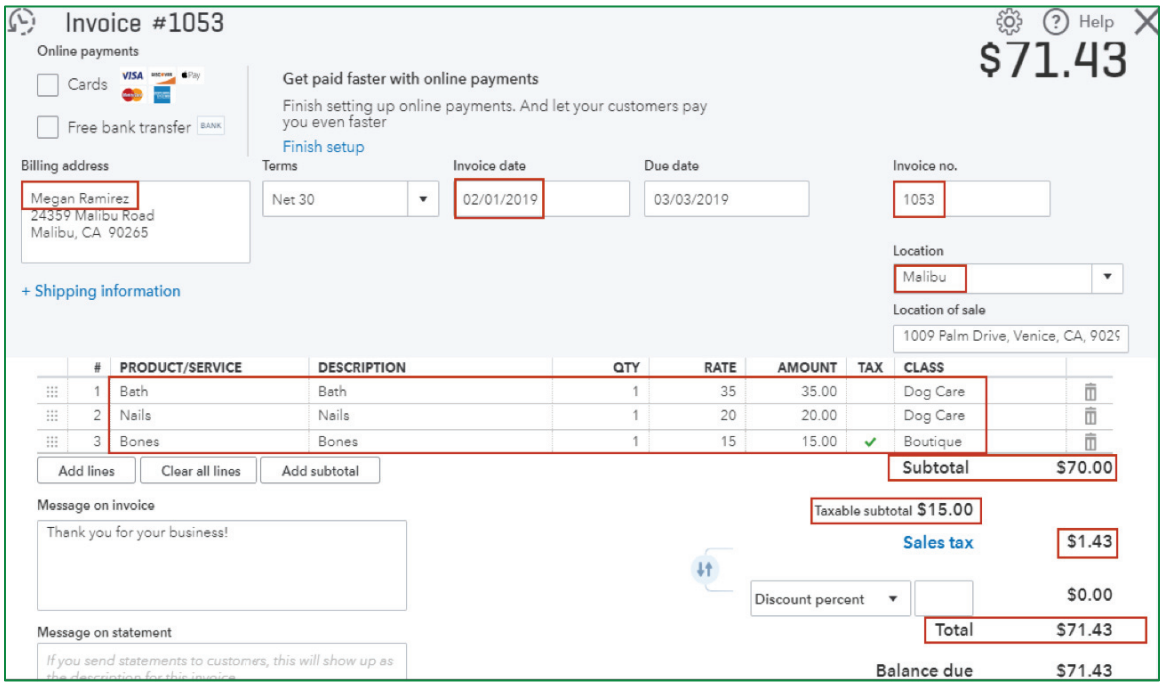
For Line 1, click the drop-down list arrow for Product/Service, click **Bath**

- Note the Class is **Dog Care.** The two classes that were created earlier in the chapter are Dog Care and Boutique. Dog Care is used for all services performed and Boutique is used for all products sold. An easy way to remember this is that the Boutique items are all taxable. Look for the √ in the Tax column when selling a product. Since you entered the information for classes for each sales item, you will not have to identify the class for items sold in a transaction.

For Line 2, repeat the steps to select **Nails** (Class: **Dog Care**)

In Line 3 select the Product/Service **Bones**, tab to **Rate**, enter **15**, (Class: **Boutique**)
Click in Line 4 so QBO will calculate the Subtotal of $70.00 and the Taxable subtotal of $15.00

- QuickBooks Online automatically calculates and enters the amount of sales tax for the product/inventory item Bones and uses the tax rate of 9.5%. Do the math: Taxable Subtotal of $15.00 * .095 = $1.43)



Click the **Print or Preview** button at the bottom of the Invoice

- You should see the information displayed on the Custom Invoice form that you created earlier in the chapter. If not, click the Customize button at the bottom of the invoice, and then click My INVOICE to select. After you print the invoice, return to the Custom Form List and make My INVOICE the default by following the steps given earlier in the chapter.

Print and or send the invoice as previously instructed

- If you save the invoice, name it **2-Your Name Inv 1053 M Ramirez Ch 6**

Complete the next section with Invoice 1053 still on the screen

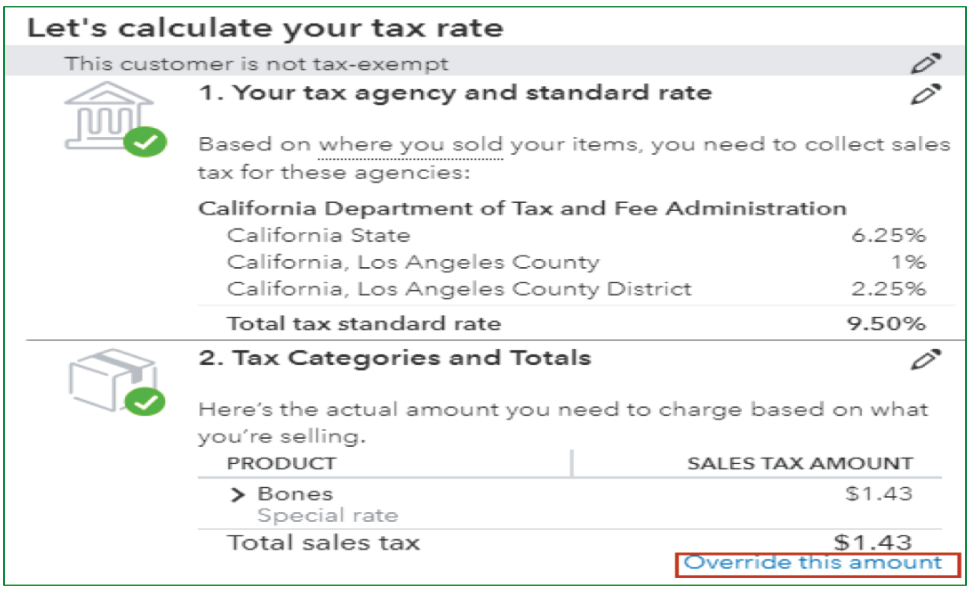
HOW TO OVERRIDE THE SALES TAX RATE—DO

At the time of this writing, QuickBooks Online used an automatic combined sales tax rate 9.5% for the State of California and Los Angeles County. This rate is used for both Venice and Malibu. If you use this tax rate, your documents match the ones shown in the text. You will not need to override the sales tax unless the tax rates change from 9.5%. If they change, the following steps will show you how to override the automatic sales tax calculations.

DO

Use Invoice 1053 to practice overriding the Sales tax rate using an 8% tax rate and a 9.75% tax rate

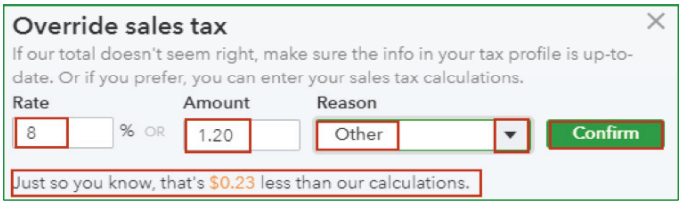
Click **Sales tax** under Taxable subtotal
On the Let's calculate your tax rate, review the details, then click **Override this amount**


Let's calculate your tax rate
This customer is not tax-exempt
1. Your tax agency and standard rate
Based on where you sold your items, you need to collect sales tax for these agencies:
California Department of Tax and Fee Administration
California State 6.25%
California, Los Angeles County 1%
California, Los Angeles County District 2.25%
Total tax standard rate 9.50%
2. Tax Categories and Totals
Here's the actual amount you need to charge based on what you're selling.
PRODUCT
SALES TAX AMOUNT
Bones
Special rate
$1.43
Total sales tax
$1.43
Override this amount

Enter **8** for the Rate, do not enter the % sign, press **Tab**

- QuickBooks Online enters the amount of 1.20.

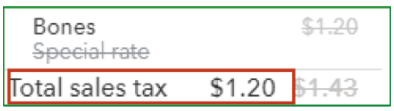
Click the drop-down list arrow for Reason, click **Other**


Override sales tax
If our total doesn't seem right, make sure the info in your tax profile is up-to-date. Or if you prefer, you can enter your sales tax calculations.
Rate
Amount
Reason
8
%
OR
1.20
Other
Confirm
Just so you know, that's $0.23 less than our calculations.

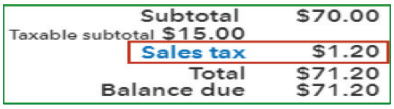
- Note that based on an 8% rate, QBO lets you know that this is $0.23 less than the QBO calculations.

Click **Confirm**

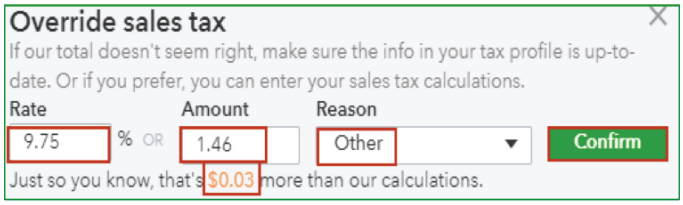
- The Override sales tax screen shows the Total sales tax as $1.20.



Click **Close** on the Override sales tax screen, view the sales tax on the invoice



Click **Sales tax** on the invoice
To change back to 9.5%, click **Reset to recommended value**
Click **Override this amount**
Enter **9.75** for the Rate, Reason **Other**


Override sales tax
If our total doesn't seem right, make sure the info in your tax profile is up-to-date. Or if you prefer, you can enter your sales tax calculations.
Rate
Amount
Reason
9.75
%
OR
1.46
Other
Confirm
Just so you know, that's $0.03 more than our calculations.

- Note that based on a 9.75 rate, QBO lets you know that this is $0.03 more than the QBO calculations.

Click **Confirm**, click **Reset to recommended value**, click **Close** on the Override, click **Save and close** on the invoice
Verify the tax amount of $1.43, click **Save and new**, **c**ontinue to the next section

ENTER ADDITIONAL INVOICES—DO

Now that you have entered an invoice for an inventory item, applied sales tax, and learned how to override the automatic sales tax calculations, you will continue to record sales on account.

MEMO

DATE: February 1, 2019

Record a sale on account to a new customer: Monroe Miller (Address: 30315 Morning View Drive, Malibu, CA 90265; Email: Monroe@miller.com; Phone: 424-555-5578; Mobile: 424-555-8755; Preferred payment method: MasterCard; Terms: Net 30; Dog's Name: Max). He purchased 1 Sweater $45, 2 Brushes $25 each, 5 Bones $10 each for his dog, Max. Location: Malibu.

Create a Bundle named 5-Day Boarding/Training Package. Display bundle components and include the Product and Service Items of 5 Boarding, 1 Training 2, 1 Bath.

Record the purchase on account from Gloria Gucci, Venice for 1 5-Day Boarding/Training Package, 1 Brush $25, 7 Dog Food-Canned $5 each, 1 Vitamins $20.

Record the purchase on account from Tracy McCarter, Malibu, 10 days Boarding, 1 Bath, 1 Nails, 10 Bones $7.50 each, 1 Sweater $75, 3 Toys $10 each.

DO

Use Your Name's Beach Barkers and enter additional invoices

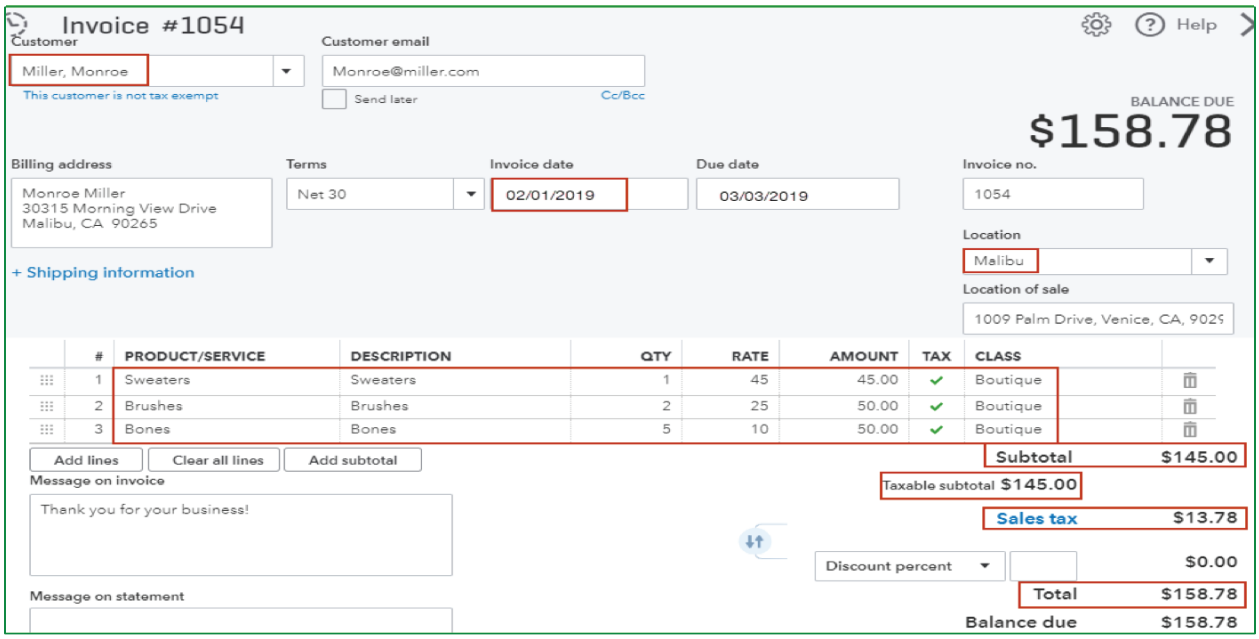
- If the blank invoice is not on the screen, click the **Plus** icon and click **Invoice**.

Enter the invoice to the new customer Monroe Miller
Click the drop-down list arrow for Choose a customer
Click **+ Add new**
Enter the name: **Monroe Miller**
Click **+ Details**
Click the checkbox for *Print on check as* to deselect

- This will use Monroe Miller as the name to print on checks.

Click the drop-down list arrow for Display name as
Click **Miller, Monroe**
Enter the Billing address, Email, Phone and Mobile information provided in the Memo
Click **Payment and billing**
Click the drop-down list arrow for Preferred payment method, click **MasterCard**
Enter the Terms of **Net 30** for Monroe
Click the **Notes** tab
Enter: **Dog's Name: Max**
Click **Save**
Use the information in the Memo and record the purchase on account

- Remember, the location for Monroe is Malibu.
- All the sales items are marked taxable, so the Class is Boutique.



Print and or send the invoice as previously instructed

- If you save the invoice, name it **3-Your Name Inv 1054 M Miller Ch 6**

Click **Save and new** (Ctrl+Alt+S)

On the blank invoice, click in the PRODUCT/SERVICE text box, click the drop-down list arrow, and then click **+Add New**

To create a Bundle for a 5-Day Boarding/Training Package, click **Bundle**

- Remember, a bundle consists of products and/or service items that you sell.

Enter the Name and Sales information: **5-Day Boarding/Training Package**

Click **Display bundle components when printing or sending transactions** to select

Select the Product/Service items and enter the quantities:

Boarding, Qty: **5**
Training 2, Qty: **1**
Bath, Qty: **1**

Click **Save and close**

Continue recording Invoice 1055

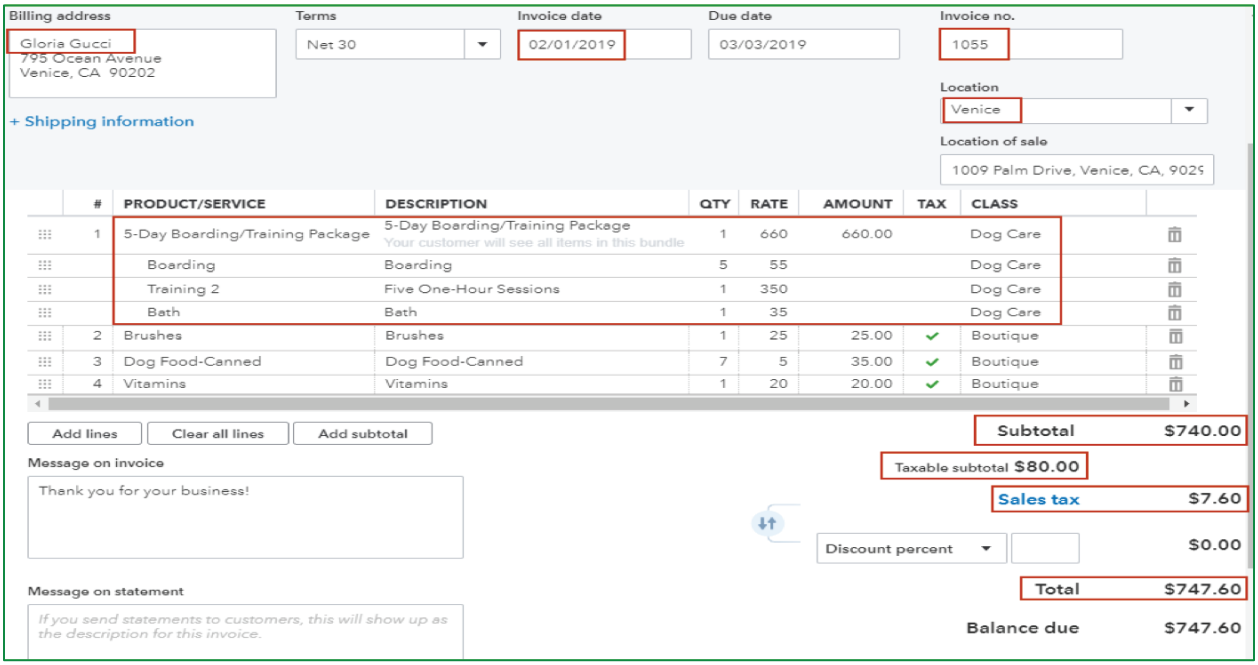
Select **Gloria Gucci** for the customer, Date: **02/01/19**, Invoice no. **1055**, Location: **Venice**

Click the textbox for **Class** for the 5-Day Boarding/Training Package, click the drop-down list arrow, click **Dog Care**

- A bundle does not have the Class assigned when created, so the Class must be added directly on the invoice. Note that by marking the bundle, all items in the package are shown with Dog Care for the Class.

Click in the Line # 2 and enter the remaining items (Boutique Class) shown in the Memo

- Be careful not to click in the blank line under Bath. If this is done, Brushes will show as part of the bundle.
- As you review the Invoice, notice the way the package items are displayed. The Boutique products sold have sales tax and are marked with a check.


Billing address
Gloria Gucci
795 Ocean Avenue
Venice, CA 90202
+ Shipping information
Terms
Net 30
Invoice date
02/01/2019
Due date
03/03/2019
Invoice no.
1055
Location
Venice
Location of sale
1009 Palm Drive, Venice, CA, 9025
PRODUCT/SERVICE DESCRIPTION QTY RATE AMOUNT TAX CLASS
1 5-Day Boarding/Training Package 5-Day Boarding/Training Package Your customer will see all items in this bundle 1 660 660.00 Dog Care
Boarding Boarding 5 55 Dog Care
Training 2 Five One-Hour Sessions 1 350 Dog Care
Bath Bath 1 35 Dog Care
2 Brushes Brushes 1 25 25.00 Boutique
3 Dog Food-Canned Dog Food-Canned 7 5 35.00 Boutique
4 Vitamins Vitamins 1 20 20.00 Boutique
Add lines
Clear all lines
Add subtotal
Subtotal $740.00
Taxable subtotal $80.00
Sales tax $7.60
Discount percent
$0.00
Total $747.60
Balance due $747.60
Message on invoice
Thank you for your business!
Message on statement
If you send statements to customers, this will show up as the description for this invoice.

Print and or send the invoice as previously instructed

- If you save the invoice, name it: **4-Your Name Inv 1055 G Gucci Ch 6**

Click **Save and new** and record the remaining transaction listed in the Memo

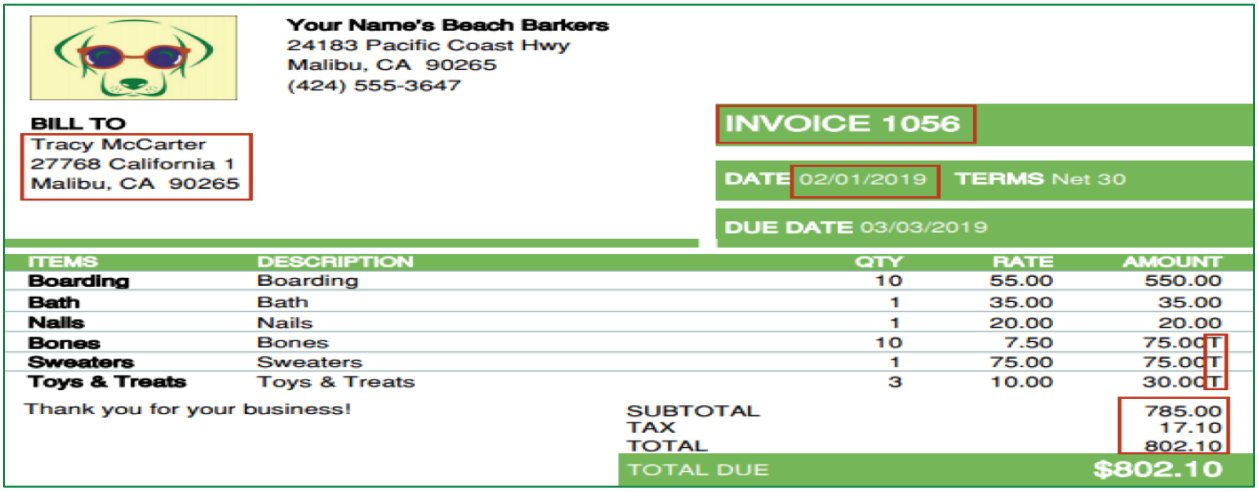
- Do not forget to add the Location.

The printed invoice for Tracy McCarter is shown below

- Notice that Location and Class are not shown on the invoice. Those are used for internal purposes. However, the invoice for Tracy McCarter uses the Your Name's Beach Barkers Malibu address and phone.
- Since sales taxes are calculated for products sold, notice the T next to the Amount for each taxable product and the total amount of Tax (9.5%).

Print and or send the invoices as previously instructed

- If you save the invoice, name it: **5-Your Name Inv 1056 T McCarter Ch 6**
- View the printed Invoice. Note that the Location and Class information is not displayed, and that T indicates a Taxable item.



Click **Save and close** (Ctrl+Alt+D), do <u>not</u> close Your Name's Beach Barkers

VIEW INVENTORY VALUATION SUMMARY—DO

To see the effect of the sales of products on the inventory, once again prepare the Inventory Valuation Summary report.

DO

Continue to use **Your Name's Beach Barkers** and prepare an Inventory Valuation Summary report

Go to **Reports**, scroll to the **Sales and customers** category, and prepare the **Inventory Valuation Summary** report
Customize the report to either right align or remove the Date and Time Prepared from the report footer as previously instructed
Save the Customized report as Inventory Valuation Summary
Date: **02/01/19**

- Note the quantity for the products and the amount of change since preparing the invoices: Bones 350 to 334; Brushes 35 to 32; Dog Food-Canned 485 to 478; Sweaters 325 to 323; Toys & Treats 3,450 to 3,447; and Vitamins 450 to 449.

Your Name's Beach Barkers
INVENTORY VALUATION SUMMARY
As of February 1, 2019

	SKU	QTY	ASSET VALUE	CALC. AVG
Bones		334.00	668.00	2.00
Brushes		32.00	160.00	5.00
Collars		650.00	6,500.00	10.00
Dog Food-Canned		478.00	1,195.00	2.50
Dog Food-Dry		400.00	2,800.00	7.00
Leashes		450.00	4,500.00	10.00
Sweaters		323.00	4,845.00	15.00
Toys & Treats		3,447.00	6,894.00	2.00
Vitamins		449.00	1,347.00	3.00
TOTAL			$28,909.00	

Print, export, and/or send/submit the report as required by your professor

- If you save the report, name it **6-Your Name Inventory Val Sum Ch 6**

Do not close Your Name's Beach Barkers
Read the next section then continue to use Your Name's Beach Barkers to prepare the Journal

INVENTORY ASSETS, COST OF GOODS SOLD, SALES TAX LIABILITY—READ

Prior to preparing the Journal, it is helpful to analyze the effect of transactions that involve products. The following illustrates the types of accounts and calculations used in the Journal for the purchase of a dog bone by Megan Ramirez. When you record the sale of a dog bone, you are removing the bone from inventory and transferring the cost of the bone into the Cost of Goods Sold account. If you look at the Journal entry for Megan Ramirez, you will see that the dog bone cost of $2 was removed from Inventory Asset and entered in Cost of Goods Sold. You will also see that the bone was sold for $15. When it is time to calculate Net Income, the $2 in the Cost of Goods Sold account is subtracted from the $15 in Sales of Product Income to determine Gross Profit of $13 for the sale of the dog bone.

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
02/01/2019	Invoice	1053	Ramirez, Megan		Accounts Receivable (A/R)	$71.43	
				Bath	Services:Grooming		$35.00
				Nails	Services:Grooming		$20.00
				Bones	Inventory Asset		$2.00
				Bones	Cost of Goods Sold:Merchandise Purchases	$2.00	
				Bones	Sales of Product Income		$15.00
					California Department of Tax and Fee Administration Payable		$0.94
					California Department of Tax and Fee Administration Payable		$0.15
					California Department of Tax and Fee Administration Payable		$0.34
						$73.43	$73.43

Sales of Product Income: The amount for which an inventory item is sold is entered in the revenue account. The dog bone was sold for $15 and is recorded as a credit to increase income.

Inventory Assets: When a merchandise item is on hand it is an asset. QuickBooks Online uses Inventory Asset as the account. To reduce an asset, you credit the account for the value of the item. The Inventory Asset account is reduced by $2. QuickBooks Online uses the FIFO method of inventory valuation, which means that the oldest/first cost paid by the company for the product is used for the value.

Cost of Goods Sold: Is used to track the cost of the merchandise sold by the company. Since the cost of goods sold will ultimately decrease the revenue, you debit the account $2. At the end of an accounting period, the amount in the Cost of Goods Sold account is deducted from sales to determine the amount of gross profit earned after the merchandise is sold. For example, the dog bone sold for $15 and cost the company $2 so the amount of gross profit is $13. (Sales - Cost of Goods Sold = Gross Profit).

Sales Tax: When sales tax is collected, it is a liability that is owed to the government. To record the liability, you credit the liability account—Sales Tax Payable, which is the California Department of Tax and Fee Administration Payable. Rather than displaying sales tax as a single amount, the amounts of sales taxes collected for the State of California, Los Angeles Country, and Los Angeles County District are shown.

PREPARE THE JOURNAL—DO

The Journal records every transaction entered in Debit/Credit format. It is important to view the Journal to see how the sale of merchandise is recorded.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Journal

With the Inventory Valuation Summary report still showing on the screen, click **<Back to report list**

Click the category **Custom Reports**, click **Journal**

- When you customized and saved this report earlier, either the Date and Time Prepared were removed from the report footer or the footer was right aligned.

To isolate the transactions you entered, prepare the Journal with Dates From: **02/01/19** and To: **02/01/19**, press **Tab**

- Review each of the transactions entered. Pay special attention to the entries for products. The transaction totals are: Megan Ramirez, $73.43; Monroe Miller, $193.78; Gloria Gucci, $773.10; and Tracy McCarter, $843.10. The report total is $1,883.41.

Because the Cost of Goods Sold: Merchandise Purchases and Inventory Asset account transactions are included for each invoice, the transaction total differs from your printed invoice totals.

Use Landscape orientation to print, export, and/or send/submit the report as required by your professor

- If you save the report, name it **7-Your Name Journal Ch 6**

Close Your Name's Beach Barkers

DELAYED CHARGE—DRILL

QuickBooks Online has a feature that enables you to create a charge for services and/or products that will be converted to an invoice later. This is like a Sales Order where a customer calls in an order and the invoice is not prepared until the service is performed or until the product is picked up or delivered. A delayed charge will show up in a customer's register but will not be part of the balance. Once you are ready to convert the delayed charge to an invoice, you may click *Create invoice* in the customer's register or create a new Invoice, enter the customer's name, and click Add for the delayed charge.

MEMO

DATE: February 1, 2019

Use the Current Date to record a Delayed Charge for Geeta Kalapatapu. She wants to have new sprinkler heads installed but isn't quite sure when she can schedule time for the work to be done. In addition to the 15 sprinkler heads, the installation of them will require 1 hour of Maintenance & Repair at $50 per hour.

DRILL

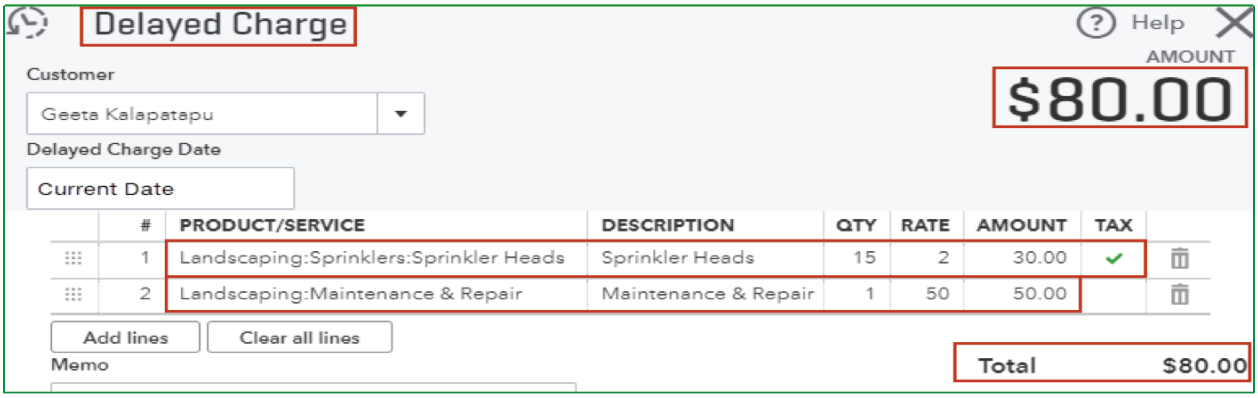
Open the **Test Drive Company** and enter, view, and convert a delayed charge

Enter a Delayed Charge

In the **Test Drive Company**, use the information in the Memo and enter a Delayed Charge

Click the **Plus** icon
Click **Delayed Charge** in the Customers column
Click the drop-down list arrow for Choose a customer, click **Geeta Kalapatapu**
Enter the **Current Date**
Line 1: Enter the information for 15 sprinkler heads
Line 2: Enter 1 hour of Maintenance & Repair Rate: 50

- Note that the Sprinkler Heads are marked taxable, but no tax is included on a delayed charge. Tax is recorded when an invoice is prepared.



Click **Save and close** (Ctrl+Alt+D), do not close the Test Drive Company

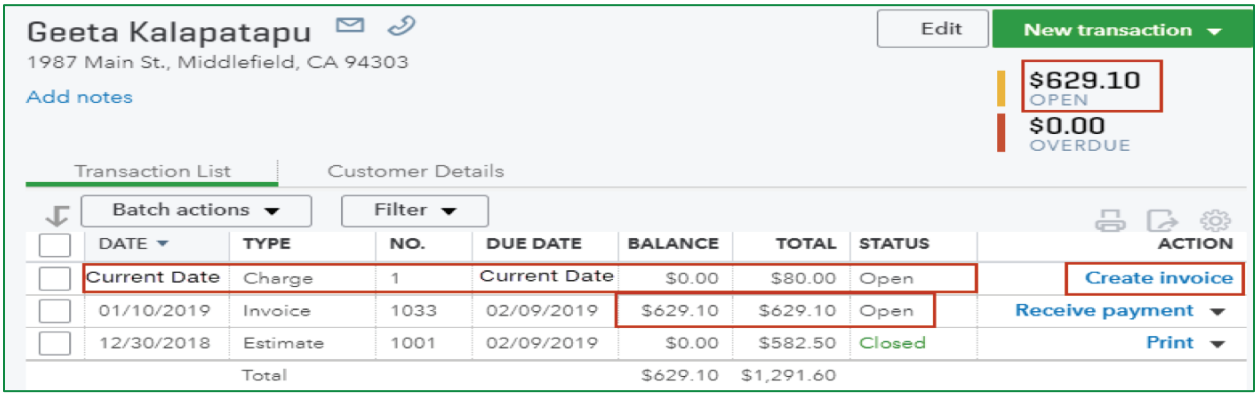
View the Delayed Charge

Once the delayed charge has been entered, it may be viewed in the customer's account register.

Continue to use the **Test Drive Company** to view the delayed charge in Geeta Kalapatapu's account register

Click **Sales** on the Navigation bar, then click the **Customers** tab
Scroll through the list of customers, click **Geeta Kalapatapu** to view her account register

- Her open balance is $629.10, which is the amount owed on Invoice 1033. The Delayed Charge for $80 is shown but not added as an amount due.
- Because of the automatic date changed, the dates shown in the register will be different from your dates.



Do not close Geeta Kalapatapu's account register or the Test Drive Company

Convert Delayed Charge to Invoice

When the work is scheduled to be completed, the Delayed Charge is converted into an Invoice. There are two ways in which to do this: prepare a new invoice and add the delayed charge to it or click the Delayed Charge Action of Create Invoice in the customer's register.

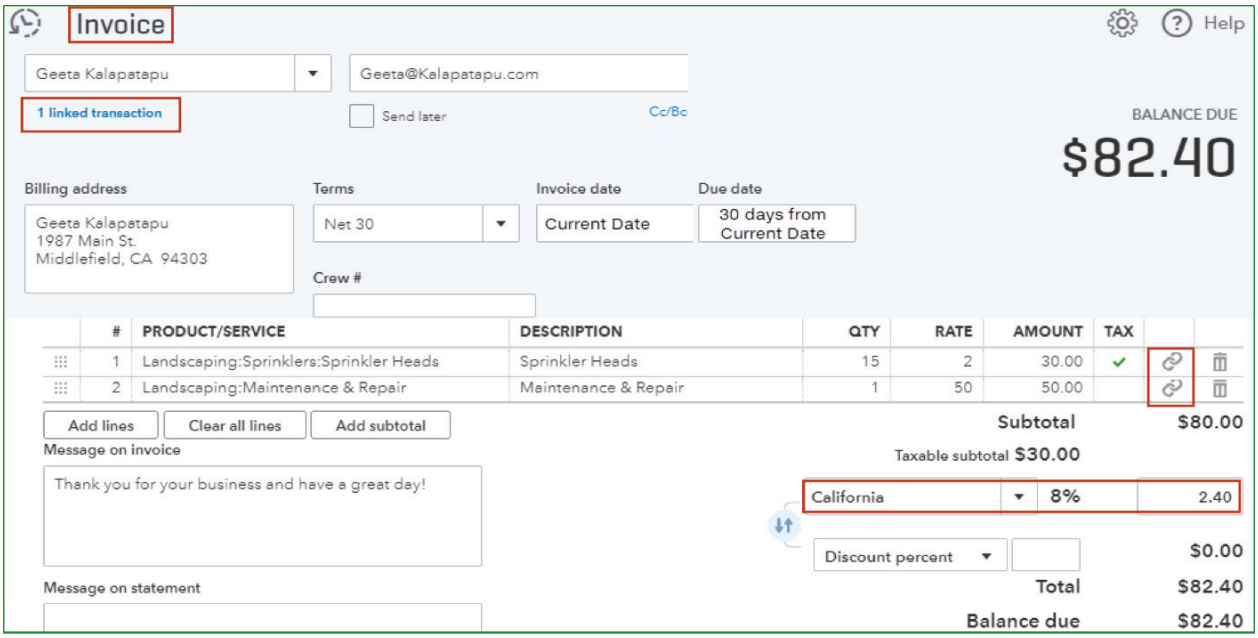
Convert the Delayed Charge for Geeta Kalapatapu in the **Test Drive Company**

With Geeta's account register showing on the screen, click **Create invoice** in the ACTION column for the Delayed Charge transaction

- The invoice is opened and the information from the Delayed Charge has been automatically entered using the current date for the Invoice date.

To add sales tax, click the drop-down list arrow for Select a sales tax rate
Click **California (8%)**

- As you look at the completed Invoice, you will notice the message **1 linked transaction** just below Geeta's name. You will also see two *linked* symbols in the column next to TAX. This information means that the Invoice and items are linked to the Delayed Charge that you completed earlier.



Click **Save and close** (Ctrl+Alt+D)

- You should return to Geeta's Account Register. Notice that the Charge shows Closed as the STATUS and that Invoice 1038 has been created.

Do not close the Test Drive Company

DATE	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS
02/01/2019	Charge	1	03/03/2019	$0.00	$80.00	Closed
02/01/2019	Invoice	1038	03/03/2019	$82.40	$82.40	Open

INVOICE LIST REPORT—DRILL

The Invoice List report enables you to see invoices that were prepared for a particular period. Information provided in the report includes the Invoice Date, Transaction Type, Invoice Number, Customer Name, Memo/Description, Due Date, Amount, and Open Balance.

DRILL

Continue to use the **Test Drive Company** to prepare the Invoice List report

Click **Reports** on the Navigation bar, scroll to the report category **Who owes you**, click **Invoice List**
Date From: enter the **Current Date** and To: enter the **Current Date**

- You converted the Delayed Charge for Geeta Kalapatapu into an Invoice using the current date.

Click **Run Report**

Craig's Design and Landscaping Services
INVOICE LIST BY DATE
Current Date

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	DUE DATE	AMOUNT	OPEN BALANCE
Current Date	Invoice	1038	Geeta Kalapatapu		30 Days from Current Date	82.40	82.40

Do not close the Test Drive Company

CREDIT MEMO—DRILL

A Credit Memo is prepared to show a reduction to a transaction and to notify a customer that a change has been made. If an invoice has already been sent to the customer, it is more appropriate and less confusing to make a change to a transaction by issuing a Credit Memo rather than voiding an Invoice and issuing a new one. When a customer returns an item that is on an unpaid invoice, a Credit Memo is created. QuickBooks Online creates a Receive Payment to apply the Credit Memo to the Invoice and to create a link between them.

MEMO
DATE: February 1, 2019

Use the Current Date to record a Credit Memo for Freeman Sporting Goods:0969 Ocean View Road. They returned 3 of the bags of Soil purchased on Invoice 1036 for $10 each.

DRILL

Continue to use the **Test Drive Company** to prepare a Credit Memo

Click the **Plus** icon, click **Credit Memo** in the Customers column
Customer: **Freeman Sporting Goods:0969 Ocean View Road**
Credit Memo Date: **Current Date**
Enter the information provided in the Memo for the 3 bags of soil
Sales Tax Rate: **California (8%)**

Credit Memo

Help

Customer: Freeman Sporting Goods:0969 O
Email: Sporting_goods@intuit.com
Send later
Cc/Bcc
AMOUNT TO REFUND
$32.40

Billing address
Sasha Tillou
Freeman Sporting Goods
370 Easy St.
Middlefield, CA 94482

Credit Memo Date: Current Date
Crew #

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1	Landscaping:Soil	2 cubic ft. bag	3	10	30.00	✓

Add lines | Clear all lines

Message displayed on invoice
Thank you for your business and have a great day!

Message displayed on statement

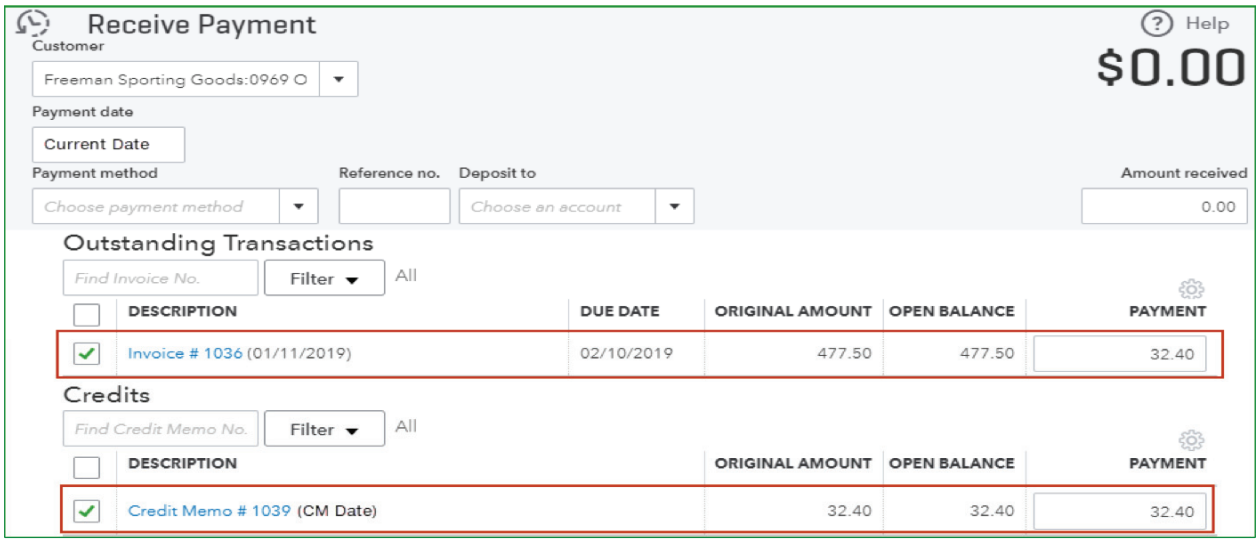
Subtotal $30.00
Taxable subtotal $30.00
California 8% 2.40
Discount percent $0.00
Total $32.40
Total Credit $32.40

Click **Save and close**
Open the Customers list
Click **Freeman Sporting Goods: 0969 Ocean View Road**
View the Credit Memo in the Customer's account register

Click the transaction for **Invoice 1036** in the customer's register
At the top of the invoice, click **1 payment made (32.40)**

- The pop-up shows you the date and amount of the payment, which is the date and amount of the Credit Memo.

Click the date to see the Receive Payment that links the Credit Memo to the Invoice



Close the Test Drive Company

DELAYED CHARGE—DO

As you just practiced, QuickBooks Online has a delayed charge feature that enables you to create a charge for services and/or products that will be converted to an invoice later. Delayed charges will be prepared for customers in Your Name's Beach Barkers.

MEMO
DATE: February 1, 2019

Record Delayed Charges:

Delayed Charge 1: Sandi Egkan: 5 Sweaters $30 each, 5 Leashes $25 each, 5 Collars $25 each, and 5 Brushes $25 each for her dog, Daisy. Location: Malibu. Class: Boutique.

Delayed Charge 2: Joshua Davis: 1 Brush $20, 1 Leash $50, 1 Collar $75 for his dog, Boomer. Location: Venice. Class: Boutique.

DO

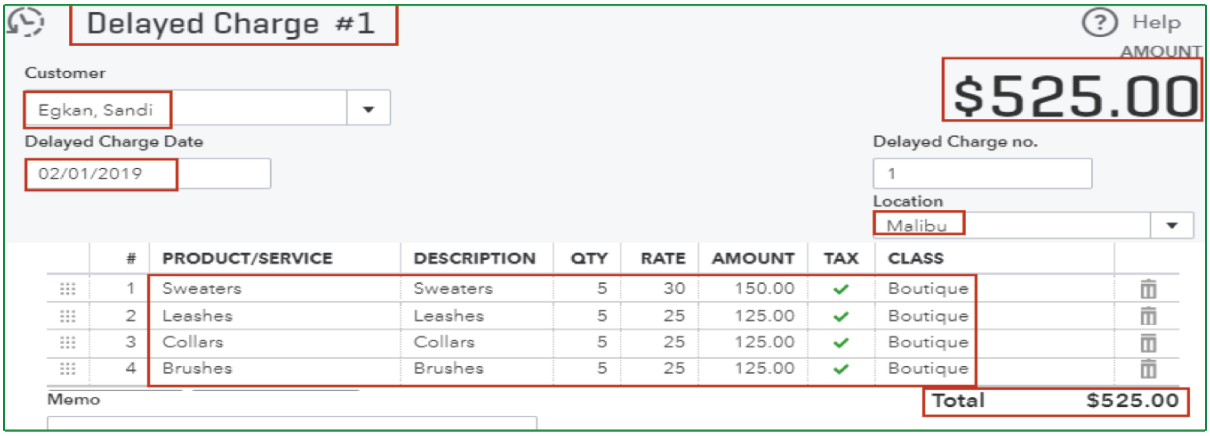
Open **Your Name's Beach Barkers** to enter and view a delayed charge

Enter Delayed Charges

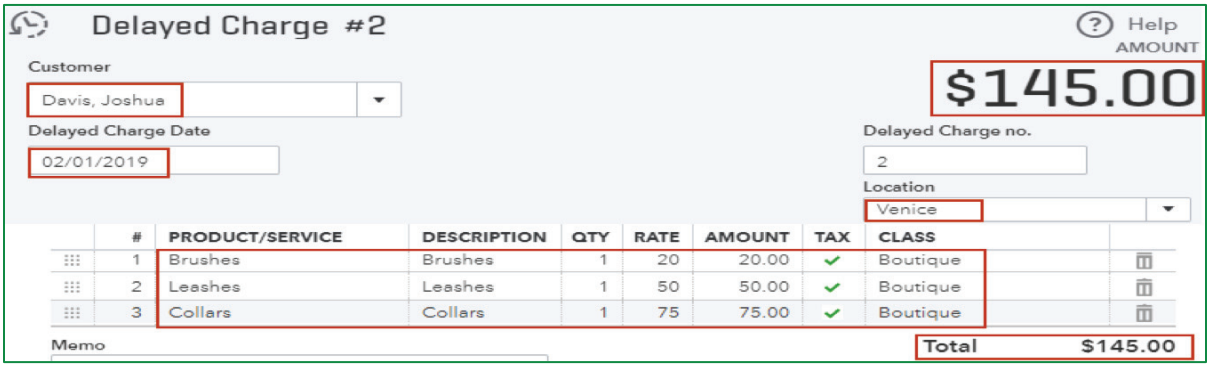
In **Your Name's Beach Barkers**, use the information in the Memo to enter a Delayed Charge

Click the **Plus** icon
Click **Delayed Charge** in the Customers column
Click the drop-down list arrow for Choose a customer, click **Sandi Egkan**
Date: **02/01/19**
Location: **Malibu**
Enter the information provided in the Memo

- Note that the class for each item is Boutique, and that the items are all marked taxable, but no tax is included on a delayed charge.



Click **Save and new** (Ctrl+Alt+S)
Record the Delayed Charge for Joshua Davis using the information provided in the Memo



Click **Save and close** (Ctrl+Alt+D), do not close Your Name's Beach Barkers

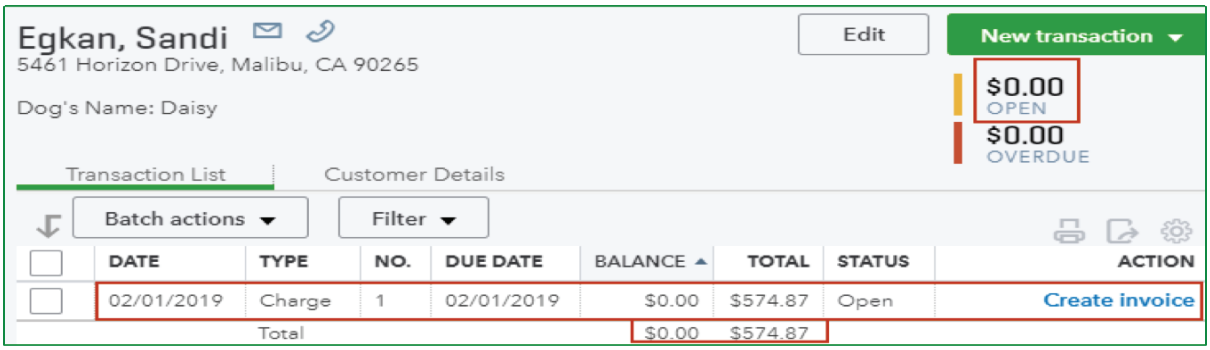
View Delayed Charges

Once delayed charges have been entered, they may be viewed in each customer's account register.

Continue to use **Your Name's Beach Barkers** to view the delayed charges for Sandi Egkan and Joshua Davis in their account registers

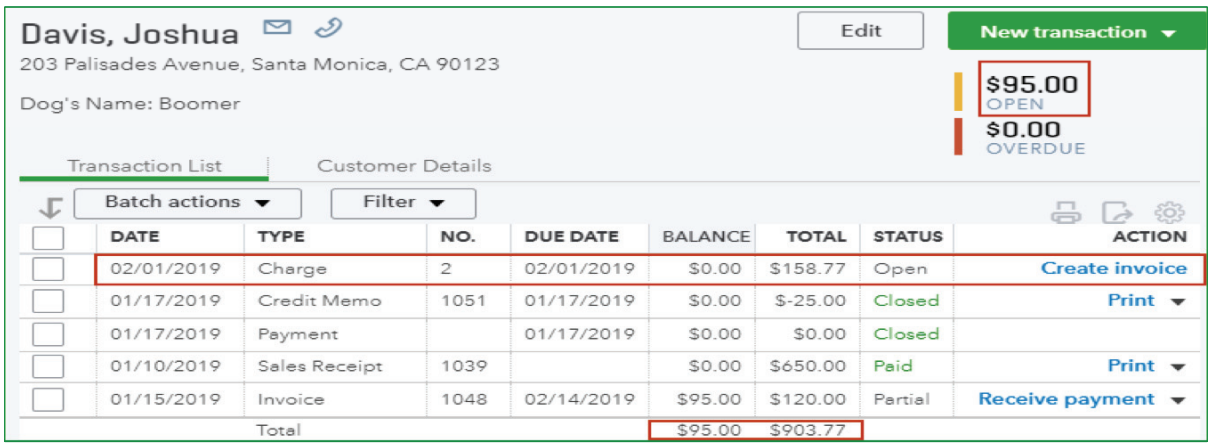
Access **Customers** as previously instructed
Scroll through the list of customers, click **Sandi Egkan** and view her account register

- Her open balance is $0.00 because the delayed charge is shown but not added as an amount due. The Delayed Charge for $525 is shown as $574.87 so that, even though not recorded, sales tax is added to the delayed charge amount.



Click **Customers**, click **Joshua Davis** and view his account register

- As with the other Delayed Charge transactions, it is shown in his account register, it includes sales tax, but it is not added to his balance.


Davis, Joshua
203 Palisades Avenue, Santa Monica, CA 90123
Dog's Name: Boomer
Edit
New transaction
$95.00 OPEN
$0.00 OVERDUE
Transaction List
Customer Details
Batch actions
Filter
DATE TYPE NO. DUE DATE BALANCE TOTAL STATUS ACTION
02/01/2019 Charge 2 02/01/2019 $0.00 $158.77 Open Create invoice
01/17/2019 Credit Memo 1051 01/17/2019 $0.00 $-25.00 Closed Print
01/17/2019 Payment 01/17/2019 $0.00 $0.00 Closed
01/10/2019 Sales Receipt 1039 $0.00 $650.00 Paid Print
01/15/2019 Invoice 1048 02/14/2019 $95.00 $120.00 Partial Receive payment
Total $95.00 $903.77

- These two delayed charges will be converted to invoices later in the chapter.

Do not close Your Name's Beach Barkers

CORRECT INVOICE—DO

As you did when recording sales of services in Chapter 3, invoices for products may be corrected, reprinted, and/or sent.

MEMO

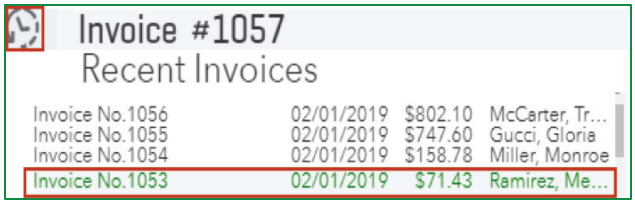
DATE: February 1, 2019

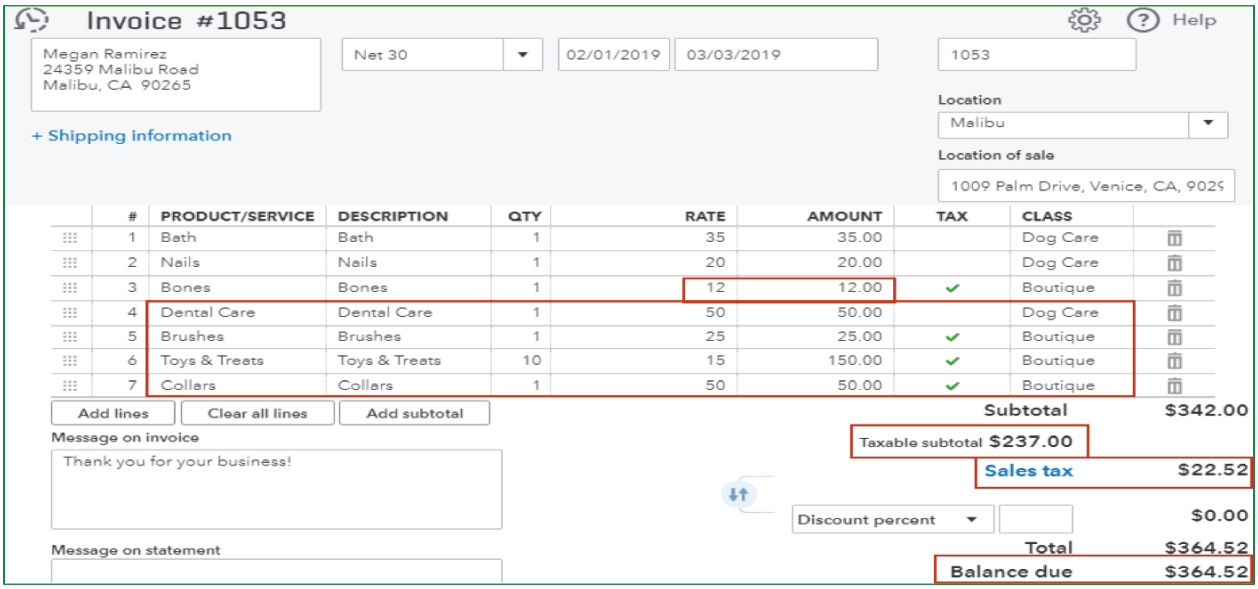
Correct Invoice 1053 to Megan Ramirez. In the items shown on the original invoice, only the cost of the Bone needs to be changed. The Bone should have been $12: In addition, she had 1 Dental Care for her dog, Buttercup, and purchased 1 Brush $25, 10 Toys $15 each, and 1 Collar $50. Class: Dog Care for the original service items and Dental Care. Boutique for all others.

DO

Continue to use **Your Name's Beach Barkers** and correct Invoice 1053

To return to Invoice 1053, click the **Plus** icon
Click **Invoice** in the Customers column
On the blank invoice, click the **Recent Transactions** icon
On the list of Recent Invoices, click **No. 1053** to open
Record the changes to the invoice using the information provided in the Memo


Invoice #1057
Recent Invoices
Invoice No.1056 02/01/2019 $802.10 McCarter, Tr...
Invoice No.1055 02/01/2019 $747.60 Gucci, Gloria
Invoice No.1054 02/01/2019 $158.78 Miller, Monroe
Invoice No.1053 02/01/2019 $71.43 Ramirez, Me...



Print and or send the invoice as previously instructed
If you save the invoice, name it: **8-Your Name Inv 1053 M Ramirez Corrected Ch 6**
Click **Save and close** (Ctrl+Alt+D)
Do not close Your Name's Beach Barkers

CUSTOMER BALANCE SUMMARY—DO

After several sales transactions have been recorded, it is helpful to prepare a Customer Balance Summary report. This report shows the total amount owed by each customer.

DO

Continue to use **Your Name's Beach Barkers** to prepare a Customer Balance Summary report

Prepare the **Customer Balance Summary** report in the report category: Who owes you
As previously instructed, customize the footer and save the customized report as **Customer Balance Summary**

- The report is prepared for **All Dates**.

Your Name's Beach Barkers
CUSTOMER BALANCE SUMMARY
All Dates

	TOTAL
Anderson, Dori	2,500.00
Bailey, Larry	2,500.00
Davis, Joshua	95.00
Gilbert, Oscar	850.00
Gucci, Gloria	1,222.60
Hernandez, Todd	2,240.00
McCarter, Tracy	802.10
Miller, Monroe	158.78
Morgan, Annabelle	880.00
Norbert, Viv	1,400.00
Perez, Eric	1,500.00
Ramirez, Megan	364.52
Rodriguez, Ricardo	900.00
Russell, Carol	190.00
Vines, Pamela	1,700.00
TOTAL	$17,303.00

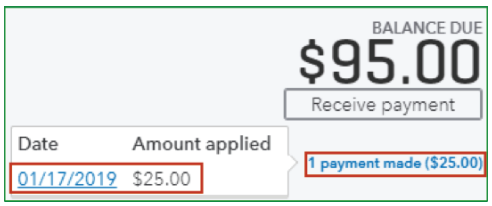
To drill-down and view details for an individual customer, click the **95** for **Joshua Davis**

- You will see that he has Invoice 1048 for $120 that is due on February 14, 2019. Nothing is shown for the Delayed Charge because it has not been converted into an Invoice.

To drill-down to see the details for Invoice 1048, click the line for **Invoice 1048**

- Invoice 1048 is shown with a total of $120 and a Balance due of $95, which leaves a difference of $25.00.

To find out about the difference of $25, click the highlighted **1 payment made ($25.00)** at the top of the Invoice



- You will get a pop-up message showing the Date and Amount applied, and Payment no.

Click the highlighted date **01/17/2019** in the pop-up message

- The Receive Payment will be shown with a Payment of $25 for both Invoice 1048 and Credit Memo 1051.

Click the highlighted **Credit Memo 1051** to drill-down and open the Credit Memo

- The Credit Memo shows Refund Status of PAID.

Click the Close button at the top of the Credit Memo

- You are returned to the Customer Balance Detail for Joshua Davis.

Click **<Back to report summary**
Leave the Customer Balance Summary report on the screen
Do not close Your Name's Beach Barkers, continue to the next section

6

VOID INVOICE—DO

As you learned in previous chapters, business forms may be voided and/or deleted. If you Void a business form, such as an Invoice, it stays in the company's records. If you Delete a business form, it is no longer shown as a transaction.

MEMO
DATE: February 1, 2019

Carol Russell's dog, Lily, got sick and has not been able to come to Your Name's Beach Barkers for Day Camp and Grooming. Void Invoice 1038.

DO

Continue to use **Your Name's Beach Barkers** to Void Invoice 1038

With the Customer Balance Summary report on the screen, click the **190** amount for **Carol Russell** to drill-down to her Customer Balance Detail
Click **Invoice 1038** to open it
Click **More** at the bottom of the Invoice

- Note: The procedures to Void or Delete an invoice are the same. The main difference is that a Voided invoice will appear in the company records and a Deleted invoice will not.

Click **Void**, click **Yes** on the screen for Are you sure you want to void this?
Click **Yes** on the Double-check the transaction date warning screen
Click **OK** on the screen for Transaction successfully voided

- If you want to print a voided invoice, you would return to the invoice and print as previously instructed. It is not necessary to print the voided invoice at this time.
- You are returned to the Customer Balance Detail report for Carol Russell, which now shows nothing. This is because the invoice was voided, and Carol does not have any other open invoices.

Click **<Back to report summary**

- Because she does not have a balance, you will no longer see Carol Russell listed in the report. The report total is now $17,113.00.
- Note: This change to a transaction in a closed period will have an effect on the amount of Net Income that you recorded as an adjusting entry in Chapter 5. The adjusting entry will be changed in the following section.

Do not close Your Name's Beach Barkers

ADJUST CLOSING ENTRY FOR NET INCOME—DO

At the end of Chapter 5, you transferred the Net Income for January into Your Name's Capital account. However, in Chapter 6 on February 1, you voided Invoice 1038 for Carol Russell. The invoice date was January 5, 2019. As a result, you need to change the transfer of net income for January to account for the change in income for the previous period. You will adjust the January closing entry at this time.

DO

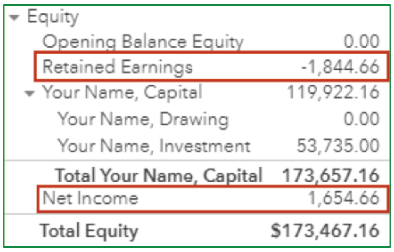
Open **Your Name's Beach Barkers**, adjust the January transfer of Net Income

Calculate the amount of Net Income for January:
Original Entry: 24,044.66

- This includes the transfer of $22,200 of Retained Earnings that was entered in the account for the value of the beginning balances for Customers $27,500.00 less the beginning balances for Vendors $5,300.00 as of 12/31/2018.
- Original Entry 24,044.66 less beginning balances 22,200.00 = 1,844.66 Net Income for January.

To verify this calculation, prepare the Balance Sheet and view the Equity section for January 1-31, 2019
With the Customer Balance Summary report showing on the screen, click **<Back to report list**, and then click **Custom Reports**
Click **Balance Sheet** and enter the Date: From **01/01/19** To **01/31/19**, click **Run report**

- You will see Retained Earnings of **-1,844.66**, which was the amount of Net Income for January at the time you recorded the Journal Entry to transfer Net Income to Capital. (Remember: Net Income earned for the year will continue to show as a negative amount in Retained Earnings until the next year.)
- You will also see Net Income of **$1,654.66**. This shows the amount of Net Income after subtracting the $190 from the Voided Invoice for Carol Russell.



Equity	
Opening Balance Equity	0.00
Retained Earnings	-1,844.66
Your Name, Capital	119,922.16
Your Name, Drawing	0.00
Your Name, Investment	53,735.00
Total Your Name, Capital	173,657.16
Net Income	1,654.66
Total Equity	$173,467.16

Reduce the Net Income for January $190.00
Click **<Back to report list** at the top of the Balance Sheet, click **Journal** in **Custom Reports**
Enter the Dates From: **01/31/19** To: **01/31/19**, press **Tab**
Scroll through the report until you find the Journal Entry to Transfer Net Income and Retained Earnings
Click on the entry
Change the Debit and Credit amounts of the entry to **23,854.66**

- Do the math: $24,044.66 – 190.00 = 23,854.66.

Click **Save and close**, click **Yes** on the Double-check the transaction date message
Do not close Your Name's Beach Barkers

CREDIT MEMO—DO

When a customer returns an item that is on an unpaid invoice, a Credit Memo is created and applied to the invoice. Rather than deleting and reprinting invoices when a return is made, preparing Credit Memos enable you to see which customers make returns and to see what is returned. This helps a company to determine if they are buying faulty products or if there are customers who make a lot of returns. QuickBooks Online creates a Receive Payment document to apply the credit memo to the invoice and create a link between them. The Receive Payment form automatically uses the current date.

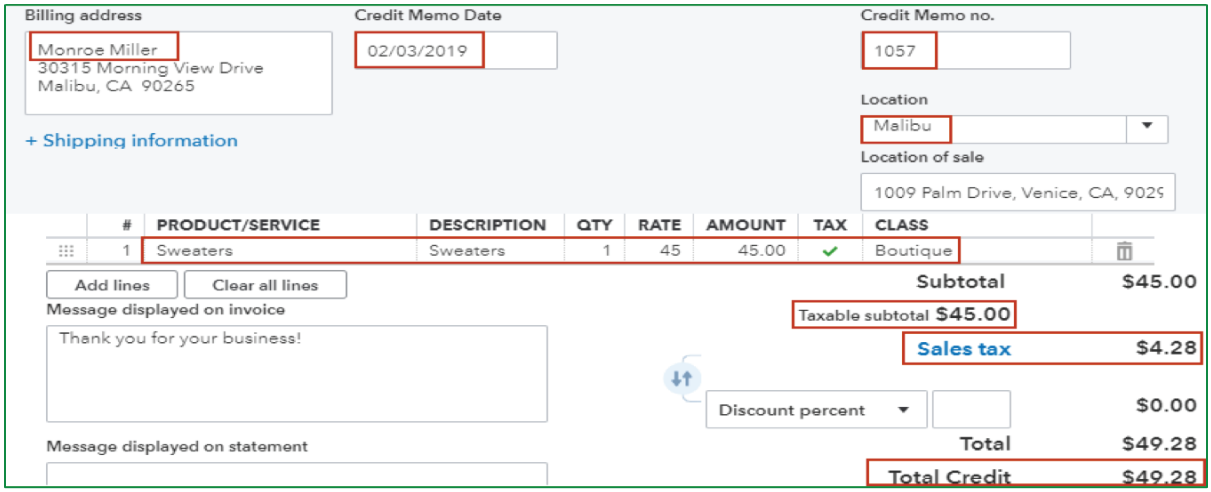
MEMO
DATE: February 3, 2019

Monroe Miller returned the sweater that he bought for his dog, Max, on Invoice 1054 for $45 because it was too small. Location: Malibu.

DO

Continue to use **Your Name's Beach Barkers** to prepare a Credit Memo

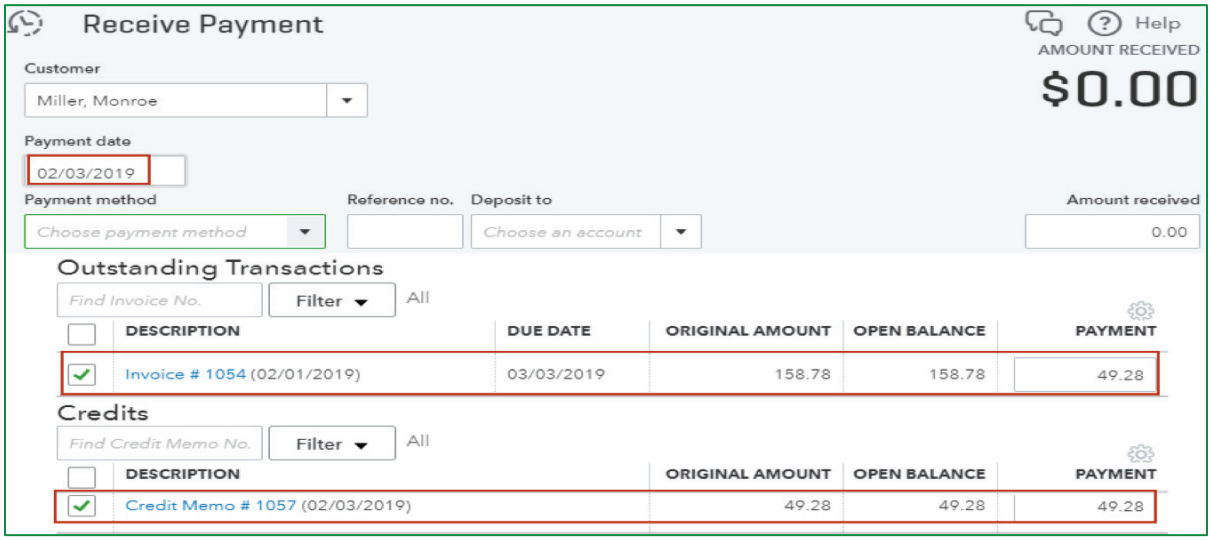
Prepare a Credit Memo as previously instructed
The Credit Memo Date is **02/03/19**
Complete the Credit Memo for Monroe Miller using the information provided in the Memo
Location: **Malibu**
Click **Save**



Print and or send the Credit Memo as previously instructed

- If you save a copy of the Credit Memo, name it: **9-Your Name CM 1057 M Miller Ch 6**
- You will notice that the Logo is shown but the Credit Memo does not use the new custom form. Only Invoices and Sales Receipts have been customized.

Click **Save and close** (Ctrl+Alt+D)
Go to Monroe Miller's account and click the **Payment** for the current date
To make it easier to determine the link between credit memo and the receive payment, change the Receive Payment date to **02/03/19**—the same date as the Credit Memo



Click **Save and close** (Ctrl+Alt+D), click **Yes** on the Transaction Linked message

- You will return to Monroe's account. Note that the Credit Memo and Payment have the same 02/03/2019 date.

Do not close Your Name's Beach Barkers

CONVERT DELAYED CHARGES—DO

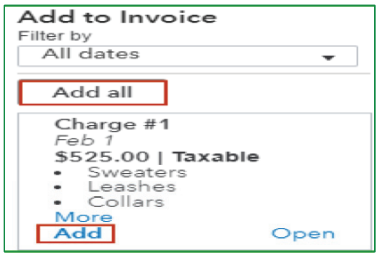
A Delayed Charge is converted into an Invoice when the customer is ready to pick up the merchandise. There are two ways in which to do this: prepare a new invoice and add the delayed charge to it or click Create Invoice in the customer's register.

MEMO
DATE: February 3, 2019

Convert Delayed Charges for Sandi Egkan and Joshua Davis to Invoices.

DO

Continue to use **Your Name's Beach Barkers** and convert the Delayed Charges for Sandi Egkan and Joshua Davis into Invoices

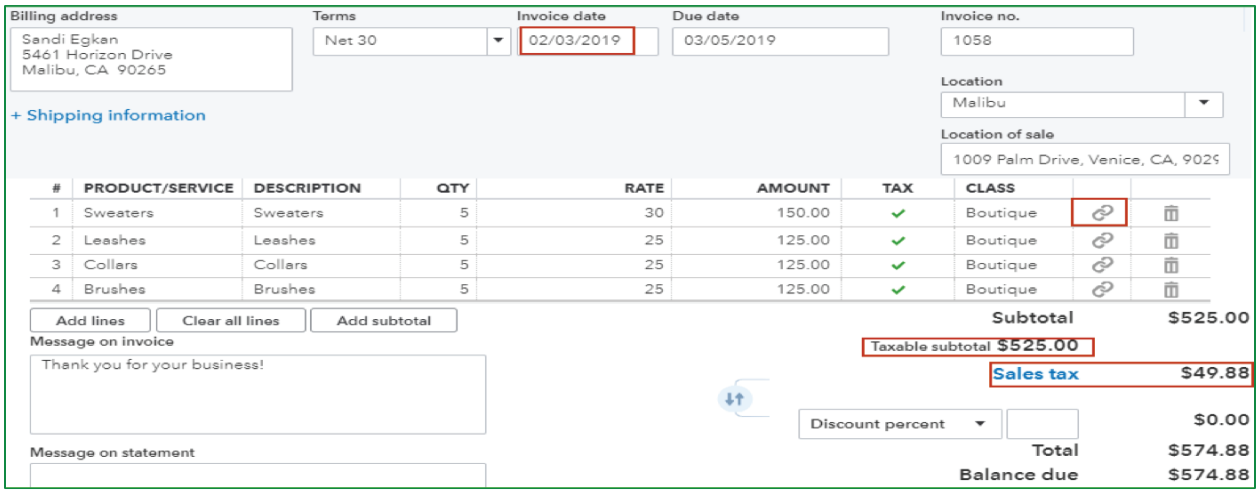


Open a new invoice as previously instructed
Customer: **Sandi Egkan**
Date: **02/03/19**

- An Add to Invoice pane opens on the right-side of the invoice. The Information for Charge #1 is shown.

Click **Add** or **Add all**

- Everything listed on the Delayed Charge is entered on the invoice.



Click the **Link** symbol for **Sweaters**

- This shows you that this item is linked to the (Delayed) Charge of 02/01/2019.

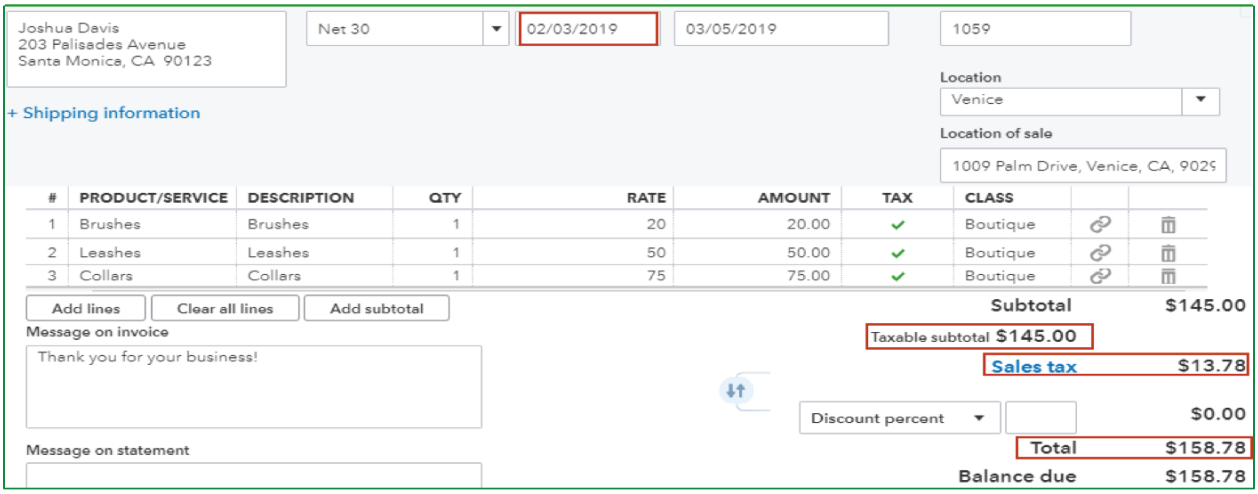
Print and/or send the Invoice as previously instructed

- If you save the Invoice, name it: **10-Your Name Inv 1058 S Egkan Ch 6**

Click **Save and new**

- The keyboard shortcuts for Save and new and Save and close will no longer be shown.

Repeat the steps provided to convert the Delayed Charges for Joshua Davis



Print and/or send the Invoice as previously instructed

- If you save the Invoice, name it: **11-Your Name Inv 1059 J Davis Ch 6**

Click **Save and close**
Do not close Your Name's Beach Barkers

INVOICE LIST REPORT—DO

The invoices for Sandi Egkan and Joshua Davis will show in the Invoice List.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Invoice List report

Open Reports, scroll to the report category Who owes you, click **Invoice List**
Enter the Dates From: **020119** and To: **020319**, and then click **Run Report**

- All the invoices prepared in February are shown.
- Notice that the newly converted invoices are included in the report.

Your Name's Beach Barkers
INVOICE LIST BY DATE
February 1-3, 2019

DATE	TRANSACTION TYPE	NUM	NAME	LOCATION	MEMO/DESCRIPTION	DUE DATE	AMOUNT	OPEN BALANCE
02/01/2019	Invoice	1053	Ramirez, Megan	Malibu		03/03/2019	364.52	364.52
02/01/2019	Invoice	1054	Miller, Monroe	Malibu		03/03/2019	158.78	109.50
02/01/2019	Invoice	1055	Gucci, Gloria	Venice		03/03/2019	747.60	747.60
02/01/2019	Invoice	1056	McCarter, Tracy	Malibu		03/03/2019	802.10	802.10
02/03/2019	Invoice	1058	Egkan, Sandi	Malibu		03/05/2019	574.88	574.88
02/03/2019	Invoice	1059	Davis, Joshua	Venice		03/05/2019	158.78	158.78

Change the Dates for the report to From: **010119** and To: **020319**, Run Report

- You will see all the invoices prepared in both Chapters 3 and 6.

Customize the report footer as previously instructed, do not save the customization
Use Landscape Orientation to print, export, and/or send/submit the Invoice List

- If you save the Invoice List report, name it: **12-Your Name Inv List Ch 6**

Close Your Name's Beach Barkers

ADD NEW PRODUCTS—DRILL

New products and services may be added to the company at any time. If you add a new product, typically you place an order for it right after it is added. In Chapter 6, you will add a product and enter an initial quantity on hand so that you can practice selling the new item. Ordering inventory items using Purchase Orders will be completed in Chapter 7.

MEMO
DATE: Current Date

Add a new taxable Inventory Item. Name: Garden Lights, Initial Quantity on Hand: 25; Reorder Point: 25; As of: 12-31-18; Sales and Purchasing information: Garden Lights; Sales price/rate: 75; Cost: 25. Is taxable: √.

DRILL

Open the **Test Drive Company** and add a new Product

Open the **Products and Services** as previously instructed
Click the **New** button
Click **Inventory**
Enter the information for the new item:

- If a field is not listed below, it does not need to be changed or completed.
  Name: **Garden Lights**
  Initial quantity on hand: **25**
  As of date: **12/31/18**
  Reorder point: **25**
  Sales information: **Garden Lights**
  Sales price/rate: **75**
  Is Taxable: **Yes** (make sure it shows a green check mark)
  Sales tax category: **Retail**
  What you sell: **Taxable Retail Items**
  Purchasing information: **Garden Lights**
  Cost: **25**

Click **Save and close**

- Garden Lights is now shown as an inventory item.

NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Garden Lights		Inventory	Garden Lights		25	✓	25	25	Edit

Do not close the Test Drive Company, continue to the next section

RECORD SALES RECEIPTS—DRILL

As you learned in Chapter 3, not all sales in a business are on account. In many instances, payment is made at the time the merchandise is purchased. This is entered as a cash sale. Payment methods for cash sales include cash, debit cards, credit cards, and checks. When entering a cash sale, you prepare a Sales Receipt rather than an Invoice. QuickBooks records the transaction in the Journal and places the amount of payment received in an account called

Undeposited Funds. The payments received remain in Undeposited Funds until you record a deposit to your bank account. As with sales on account, sales tax is collected for products sold.

MEMO
DATE: Current Date

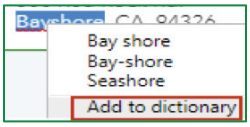
Record a sale to Red Rock Diner for 15 Garden Lights and 3 hours of: Installation ($50 per hour), paid with Visa, CA Sales Tax 8%.

DRILL

Continue to use the **Test Drive Company** to record Sales Receipts

Click the **Plus** icon, click **Sales Receipt** in the Customers column
Complete the Sales Receipt using the information provided
Customer: **Red Rock Diner**
Sales Receipt date: **Current Date**
Payment method: **Visa**
Right-click the city **Bayshore**

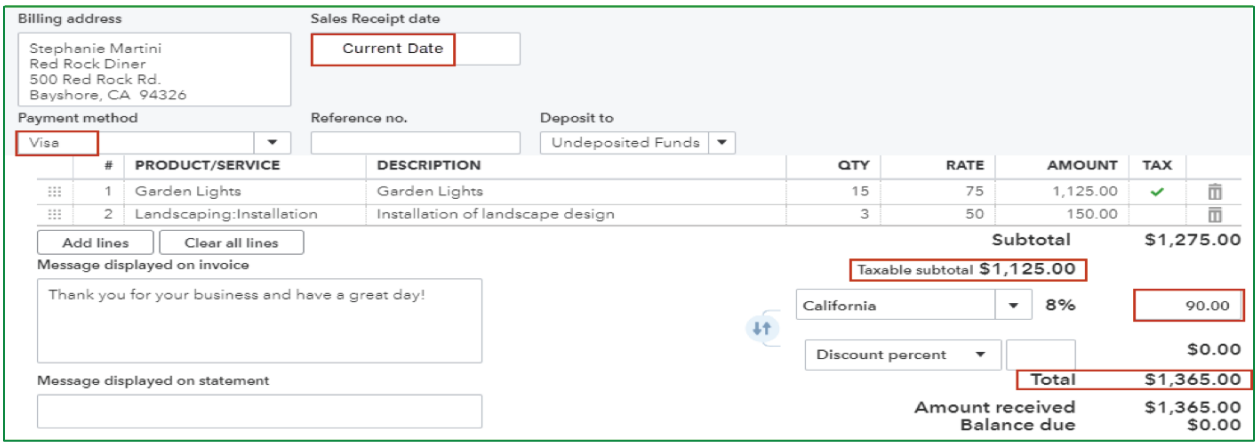
- In the customer address, the city of Bayshore may or may not be underlined in red. If it is underlined, QuickBooks Online thinks that the word is misspelled. If Bayshore is not underlined on your screen, you may still add it to your QuickBooks Dictionary.



On the pop-up menu, click **Add to dictionary**

- This will add the word to the QuickBooks Online dictionary, and it will not be highlighted as misspelled again.

Complete the Sales Receipt using the information provided in the Memo
View the completed Sales Receipt



Click **Save and close**
Close the Test Drive Company

ADD NEW PRODUCTS—DO

New products and services may be added to the company at any time. If you add a new product, typically you place an order for it right after it is added. In Chapter 6, you will add a product and

enter an initial quantity on hand so that you can sell the new item. In Chapter 7, you will purchase inventory items by preparing Purchase Orders.

If a mistake is made when adding an inventory item, QuickBooks Online allows you to adjust the starting value for it. To make the correction, prepare an Inventory Valuation Detail report, find the line for the item with *Inventory Starting Value* in the Transaction Type column and click it. Make the appropriate changes. An example of when to use this feature would be if you entered an incorrect quantity, as of date, or cost of the inventory item when you first added the inventory item and quantity. If you needed to change any of the accounts used or the quantity on hand for anything except the initial starting value, you would edit the item in the Products/Services List. (Both types of corrections will be explored in detail in Chapter 8.)

MEMO
DATE: February 3, 2019

Add two new taxable Inventory Items:

Name: Dog Snacks; Class: Boutique; Initial Quantity on Hand: 200; As of: 12-31-18; Reorder Point: 150; Sales and Purchasing information: Dog Snacks; Sales price/rate: 5; Is taxable: √; Sales tax category: Retail; What you sell: Taxable Retail Items; Cost: 1; Expense account: Cost of Goods Sold: Merchandise Purchases.

Name: Dog Beds; Class: Boutique; Initial Quantity on Hand: 5; As of 12-31-18; Reorder Point: 5; Sales and Purchasing information: Dog Beds; Sales price/rate: 65; Is taxable: √; Sales tax category: Retail; What you sell: Taxable Retail Items; Cost: 20; Expense account: Cost of Goods Sold: Merchandise Purchases.

DO

Open **Your Name's Beach Barkers** and add the two new inventory items

Open the **Products and Services** list as previously instructed
Click the **New** button, click **Inventory**
Enter the information provided in the Memo to enter Dog Snacks
When finished, click **Save and new**
If you get a Closing date message, click **Yes**
Use the information in the Memo to add Dog Beds
Click **Save and close**

NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Dog Beds		Inventory	Dog Beds	65	20	✓	5	5	Edit
Dog Snacks		Inventory	Dog Snacks	5	1	✓	200	150	Edit

- Notice that the Quantity of **5** for Dog Beds is highlighted. This is because the Quantity on Hand is equal to the Reorder Point.
- Because the inventory was added in the previous year, the Opening Balance Equity account was increased by $300, which is the total amount of the inventory items. In Chapter 8, this amount will be transferred into Your Name, Capital.

Do not close Your Name's Beach Barkers, continue with the next section

RECORD SALES RECEIPTS—DO

When merchandise is purchased and paid for at the same time, a sales receipt is prepared to record the transaction as a cash sale. Payment methods have been established for Your Name's Beach Barkers and include cash, debit cards, MasterCard, Visa, and checks. As with sales on account, sales tax is collected for products sold.

MEMO
DATE: February 4, 2019

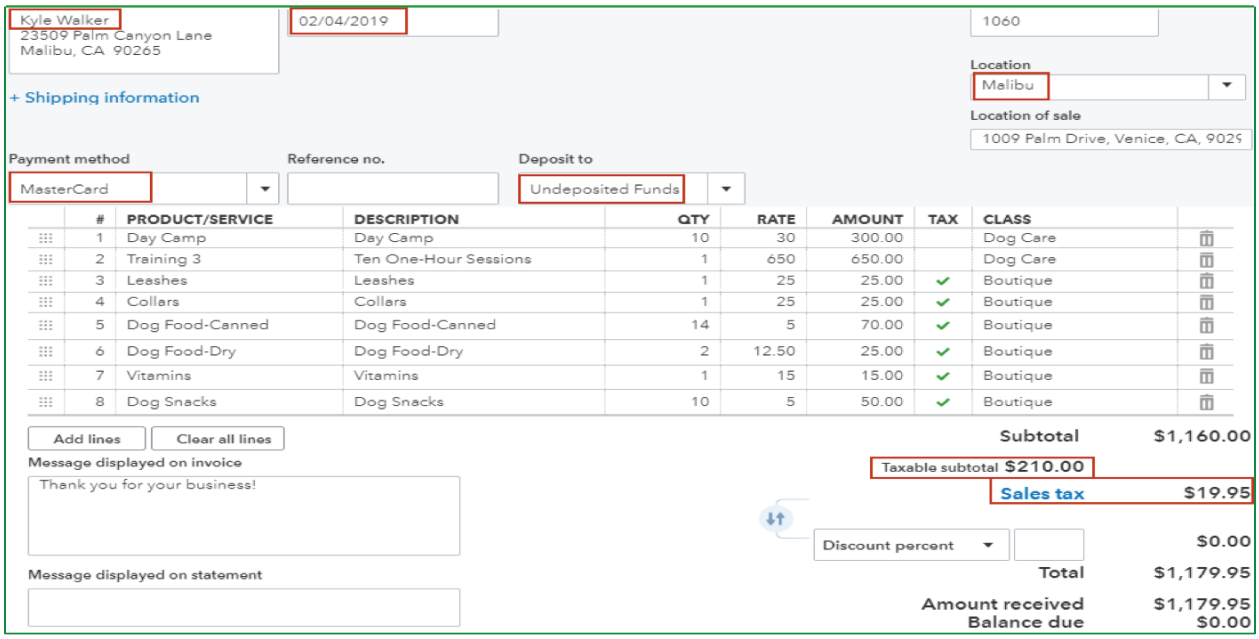
Record Sales Receipts for the following Cash Sales:

Kyle Walker brought his dog, Lucky, to the Malibu location. He used his MasterCard: to pay for: 10 Day Camp, 1 Ten One-Hour Training Sessions, 1 Leash $25, 1 Collar $25, 14 Dog Food-Canned $5 each, 2 Dog Food-Dry $12.50 each, 1 Vitamins $15; 10 Dog Snacks.
Cash Customer brought her dog, Coco, to the Venice location. Used Check 1983 to pay for: 1 Day Camp, 1 Bath, 1 Nails, 14 Dog Food-Canned $5, 1 Dog Food-Dry $12.50, 1 Vitamins $15, 10 Dog Snacks.
Katie Wilson brought her dog, Suzy, to the Venice location. She used her Visa: to pay for: 5 Boarding, 5 Dog Brushing, 1 Bath, 1 Nails, 1 Sweater $30, 2 Toys $10 each.
David Sanchez came into the Malibu location and used his Debit Card to purchase the following items for his dog, Joe: 1 Dog Bed, 3 Dog Snacks, 7 Dog Food-Canned $4.50 each, 1 Dog Food-Dry $18, and 1 Vitamins $20.

DO

Open **Your Name's Beach Barkers** and record Sales Receipts

Open a **Sales Receipt** as previously instructed
Name: **Kyle Walker**
Sales Receipt Date: **02/04/19**
Location: **Malibu**
Payment method: **MasterCard**
Deposit to: **Undeposited Funds**
Complete the Sales Receipt for Kyle using the information provided in the Memo


Kyle Walker
23509 Palm Canyon Lane
Malibu, CA 90265
02/04/2019
1060
Location
Malibu
Location of sale
1009 Palm Drive, Venice, CA, 9025
+ Shipping information
Payment method
MasterCard
Reference no.
Deposit to
Undeposited Funds
PRODUCT/SERVICE DESCRIPTION QTY RATE AMOUNT TAX CLASS
1 Day Camp Day Camp 10 30 300.00 Dog Care
2 Training 3 Ten One-Hour Sessions 1 650 650.00 Dog Care
3 Leashes Leashes 1 25 25.00 Boutique
4 Collars Collars 1 25 25.00 Boutique
5 Dog Food-Canned Dog Food-Canned 14 5 70.00 Boutique
6 Dog Food-Dry Dog Food-Dry 2 12.50 25.00 Boutique
7 Vitamins Vitamins 1 15 15.00 Boutique
8 Dog Snacks Dog Snacks 10 5 50.00 Boutique
Add lines
Clear all lines
Message displayed on invoice
Thank you for your business!
Message displayed on statement
Subtotal $1,160.00
Taxable subtotal $210.00
Sales tax $19.95
Discount percent
$0.00
Total $1,179.95
Amount received $1,179.95
Balance due $0.00

Print and/or send the Sales Receipt as previously instructed

- If you save the Sales Receipt, name it: **13-Your Name SR 1060 K Walker Ch 6**
- Did you notice that the Sales Receipt Custom Form was used for the document? If not, click the More button and select your custom form, which will be used for only SR 1060. Or go to All Lists, select Custom forms, for My Sales Receipt click the drop-down list arrow for Edit, click Make Default. Then, return to SR 1060.

Click **Save and new**

Enter the three other Sales Receipts using the information provided in the Memo

Sales Receipt Date: **02/04/19**

Deposit to account for all sales receipts: **Undeposited Funds**

Location: Use the one provided in the Memo

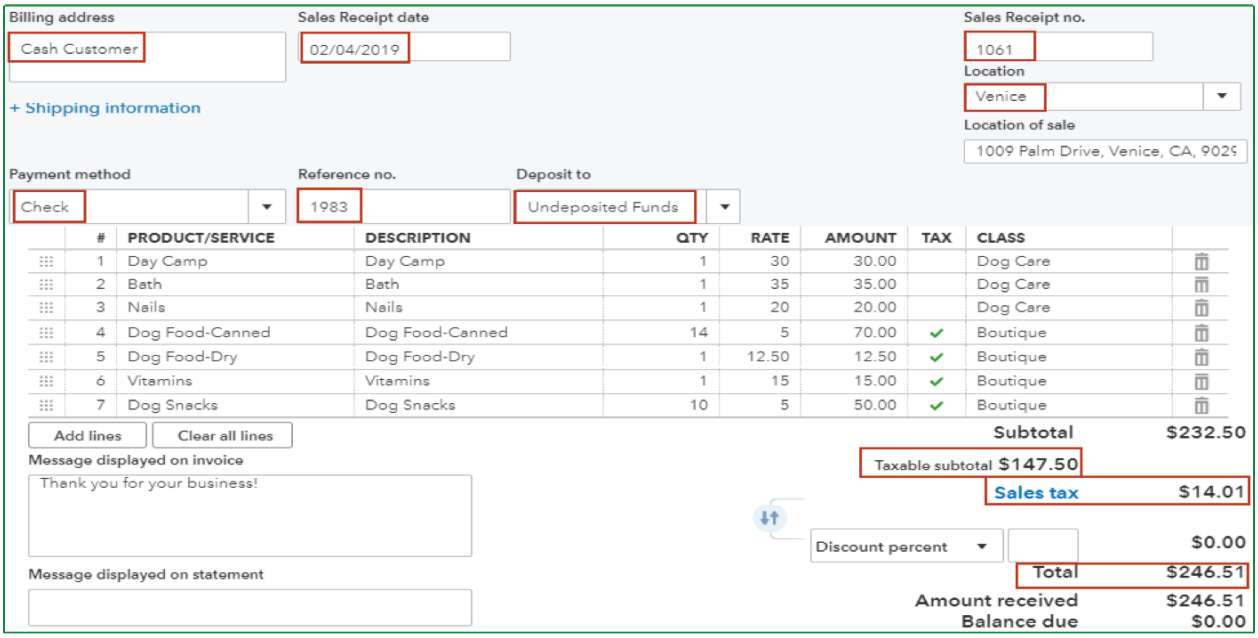
- If location is not specified, look at the address to determine which location to select.

Print and/or send the Sales Receipts as previously instructed

- If you save the Sales Receipts, name them: **14-Your Name SR 1061 Cash Cust Ch 6**; **15-Your Name SR 1062 K Wilson Ch 6**, and **16-Your Name SR 1063 D Sanchez Ch 6**

Click **Save and new** to go to the next Sales Receipt

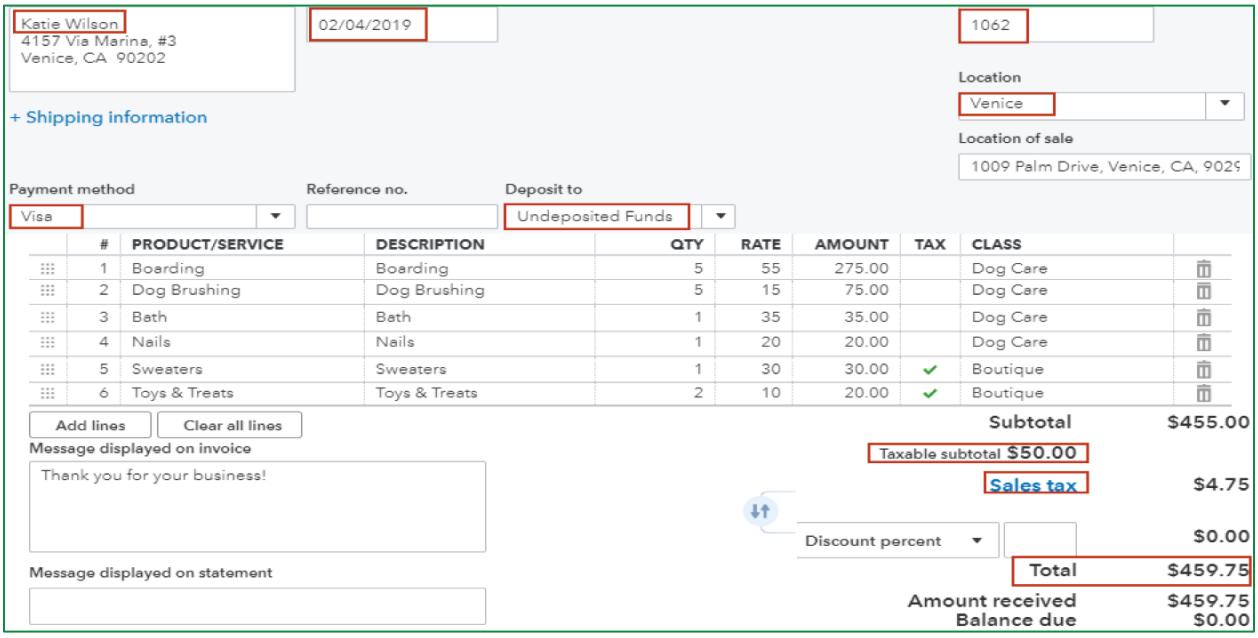
- The screenshot of Sales Receipt 1063 is shown using the Custom Form for printing.



Billing address: Cash Customer
Sales Receipt date: 02/04/2019
Sales Receipt no.: 1061
Location: Venice
Location of sale: 1009 Palm Drive, Venice, CA, 9025
+ Shipping information
Payment method: Check
Reference no.: 1983
Deposit to: Undeposited Funds

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX	CLASS
1	Day Camp	Day Camp	1	30	30.00		Dog Care
2	Bath	Bath	1	35	35.00		Dog Care
3	Nails	Nails	1	20	20.00		Dog Care
4	Dog Food-Canned	Dog Food-Canned	14	5	70.00	✓	Boutique
5	Dog Food-Dry	Dog Food-Dry	1	12.50	12.50	✓	Boutique
6	Vitamins	Vitamins	1	15	15.00	✓	Boutique
7	Dog Snacks	Dog Snacks	10	5	50.00	✓	Boutique

Add lines | Clear all lines
Message displayed on invoice: Thank you for your business!
Message displayed on statement:
Subtotal $232.50
Taxable subtotal $147.50
Sales tax $14.01
Discount percent $0.00
Total $246.51
Amount received $246.51
Balance due $0.00

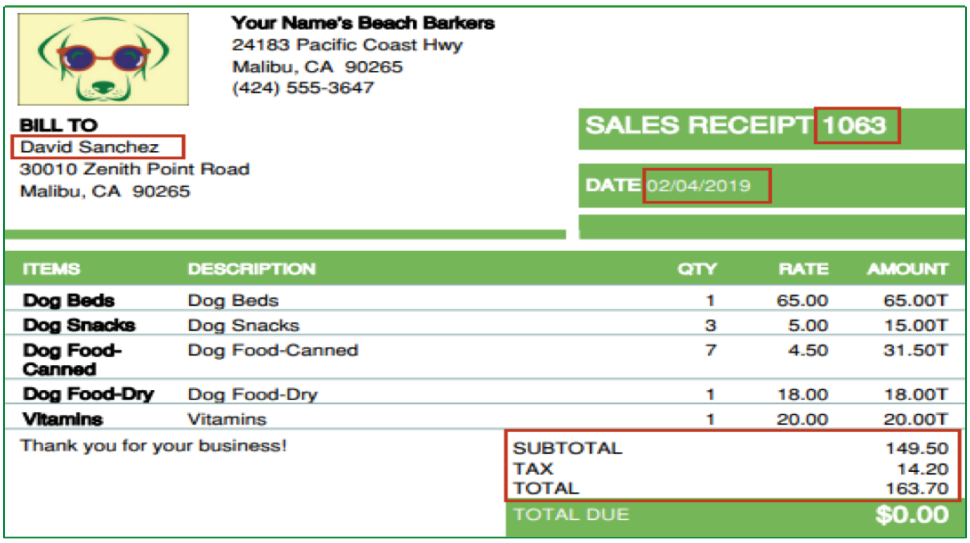


Katie Wilson
4157 Via Marina, #3
Venice, CA 90202
02/04/2019
1062
Location: Venice
+ Shipping information
Location of sale: 1009 Palm Drive, Venice, CA, 9025
Payment method: Visa
Reference no.:
Deposit to: Undeposited Funds

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX	CLASS
1	Boarding	Boarding	5	55	275.00		Dog Care
2	Dog Brushing	Dog Brushing	5	15	75.00		Dog Care
3	Bath	Bath	1	35	35.00		Dog Care
4	Nails	Nails	1	20	20.00		Dog Care
5	Sweaters	Sweaters	1	30	30.00	✓	Boutique
6	Toys & Treats	Toys & Treats	2	10	20.00	✓	Boutique

Add lines | Clear all lines
Message displayed on invoice: Thank you for your business!
Message displayed on statement:
Subtotal $455.00
Taxable subtotal $50.00
Sales tax $4.75
Discount percent $0.00
Total $459.75
Amount received $459.75
Balance due $0.00

- If your printed Sales Receipt shows the payment method, that is great. Sometimes, the payment method will show on the sales receipt and other times it will not. Do not be concerned if you do not see the payment method on the sales receipt.



Your Name's Beach Barkers
24183 Pacific Coast Hwy
Malibu, CA 90265
(424) 555-3647

BILL TO
David Sanchez
30010 Zenith Point Road
Malibu, CA 90265

SALES RECEIPT 1063

DATE 02/04/2019

ITEMS	DESCRIPTION	QTY	RATE	AMOUNT
Dog Beds	Dog Beds	1	65.00	65.00T
Dog Snacks	Dog Snacks	3	5.00	15.00T
Dog Food-Canned	Dog Food-Canned	7	4.50	31.50T
Dog Food-Dry	Dog Food-Dry	1	18.00	18.00T
Vitamins	Vitamins	1	20.00	20.00T

Thank you for your business!

SUBTOTAL	149.50
TAX	14.20
TOTAL	163.70
TOTAL DUE	$0.00

After the last Sales Receipt, click **Save and close**
Do not close Your Name's Beach Barkers

RECORD REFUND RECEIPT—DO

Once a customer has paid for an item and it is returned, a Refund Receipt is prepared to record the return and to refund the payment. If the customer used a credit card to pay for the item, the refund is made to the credit card.

6

MEMO
DATE: February 7, 2019

Sales Receipt 1062 for Katie Wilson included 2 Dog Toys for $10 each. One of the toys was damaged so Katie returned it for a refund. Prepare a Refund Receipt for the 1 Dog Toy.
Payment Method: Visa, Location: Venice.

DO

Use **Your Name's Beach Barkers** to prepare a refund receipt

Click the **Plus** icon, click **Refund Receipt** in the Customers column
Name: **Katie Wilson**
Refund Receipt Date: **02/07/2019**
Location: **Venice**
Payment method: **Visa**
Refund From: **Undeposited Funds**

- You have not made a bank deposit since receiving the payment from Katie so the account to use is Undeposited Funds. Had the bank deposit been made, the account to use would be Checking.

Complete the Refund Receipt

- Note: Prior to printing or saving the Refund Receipt, it will show $0.00 as the amount refunded. Once the transaction is saved, it will say amount refunded $10.95.
- You customized the invoice and sales receipts forms but not the refund receipt forms. The refund receipt will show the logo and use the original form style.

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291
310-555-2275

REFUND RECEIPT

REFUND TO
Katie Wilson
4157 Via Marina, #3
Venice, CA 90202

REFUND NO. 1064
REFUND DATE 02/07/2019

PMT METHOD
Visa

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
Toys & Treats	Toys & Treats	1	10.00	10.00T

Thank you for your business!

SUBTOTAL	10.00
TAX	0.95
TOTAL	10.95
AMOUNT REFUNDED	**$10.95**

Print and/or send the Refund Receipt as previously instructed.

- If you save the Refund Receipt, name it: **17-RR 1064 K Wilson Ch 6**

Click **Save and close**
Click **OK** on the Refund successfully issued screen
Close Your Name's Beach Barkers

DISCOUNTS—READ

There are three types of discounts that may be recorded in business transactions: Sales Discount, Merchandise Discount, and Purchase Discount.

Sales Discount: Used when you give customers a discount for early payment. Typical terms for early payments are a 1% or 2% discount if paid within 10 days. Sales Discount is categorized as an Income account. Using a sales discount results in a decrease in income because the company will receive less money for a sale. Recording sales discounts is included in this chapter.

Merchandise Discount: A discount on inventory sales items purchased for resale. This discount is categorized as a Cost of Goods Sold account because the use of this discount results in a decrease in the amount you pay for the goods (merchandise) you sell. This is used in Chapter 7 for payments for inventory items purchased.

Purchase Discount: A discount for early payment for purchases made to run the business. Example, a discount on office supplies purchased. A purchase discount is categorized as an Income account because it results in an increase in income since it costs you less to run the business. This is also used in Chapter 7 for payments on purchases made to run the business.

ADD NEW SALES TERMS—DRILL

When giving a sales discount to a customer, the transaction terms should indicate that a discount is available if paid early. Currently, the Test Drive Company does not have discount terms in the Terms List. As a result, the 2% 10 Net 30 Term needs to be added.

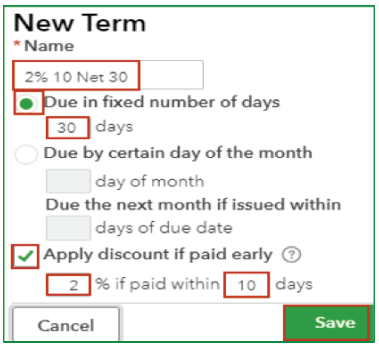
DRILL

Open the **Test Drive Company** and add discount terms

Click the **Gear** icon, click **All Lists** in the Lists column, click **Terms**

- As you look at the terms list, there are terms for Due on receipt, Net 10, 15, 30, and 60.

Click the **New** button
Enter **2% 10 Net 30** as the name for the New Term
For Due in fixed number of days, enter **30**
Click the check box for **Apply discount if paid early**
Enter **2** as the percent; enter **10** for paid within days
Click **Save**



- If you want 2% 10 Net 30 as the selected term for a customer, you need to go to the customer's account, access the Payment and billing section of the account, and add the Terms. You may also use the 2% 10 Net 30 terms directly on an invoice without adding it to the customer's account.

Open the Customers List, click **Travis Waldron**, and click **Edit**
Click the **Payment and billing** tab
Click the drop-down list arrow for Terms, click **2% 10 Net 30**, click **Save**
Do not close the account register for Travis Waldron or the Test Drive Company

RECORD SALES DISCOUNT—DRILL

When recording a sales discount, you return to the customer's invoice and enter the Discount percent at the bottom of the invoice. This is done no matter what Terms you have entered for the invoice. In addition, you will need to select whether to apply the discount before or after sales tax is calculated. The appropriate time to record sales discounts is when you receive payment from the customer. If payment is received within ten days after the invoice date and the customer is eligible to receive a discount, you enter the discount percentage on the Invoice and then record the receive payment. Once the discount is recorded on the invoice, click Save, then click Receive payment.

6

DRILL

Continue to use the **Test Drive Company** and add a sales discount to an invoice

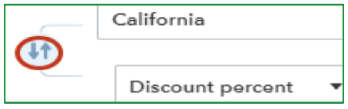
With the Account Register for Travis Waldron on the screen, click **Invoice 1032**

- Even though you added new terms to his account, the terms used when the invoice was prepared are shown. New invoices will include his new terms of 2% 10 Net 30, but existing invoices will not.

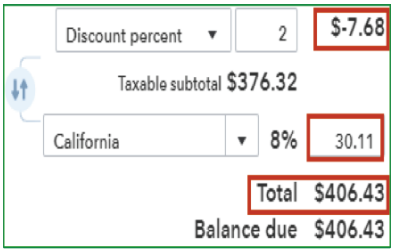
Click the drop-down list arrow for Terms; click **2% 10 Net 30**
Click in the text box for Discount percent, enter **2**, press **Tab**

- Note that the discount is $-7.68, the Sales tax is $30.72, and the Balance due is $407.04.

Click the light blue circle with the up and down arrows by Sales tax and Discount percent



- The Discount percent text box will appear before the California sales tax. This means that the taxes will be calculated based on the Taxable subtotal after the 2 percent discount is applied. The discount stays at $-7.68; however, the sales tax changes to $30.11 and the Balance due is $406.43.



Click the **Save** button to save Invoice 1032 with the 2 percent discount applied before sales tax
Do not close the Invoice or the Test Drive Company, continue to the next section

RECEIVE PAYMENTS—DRILL

When you receive a payment for an invoice, you prepare a Receive Payment form. You may access this form using the Plus icon or from within an Invoice by clicking the Receive payment button. Remember, sales discounts must be entered on the original Invoice before recording Receive payments.

DRILL

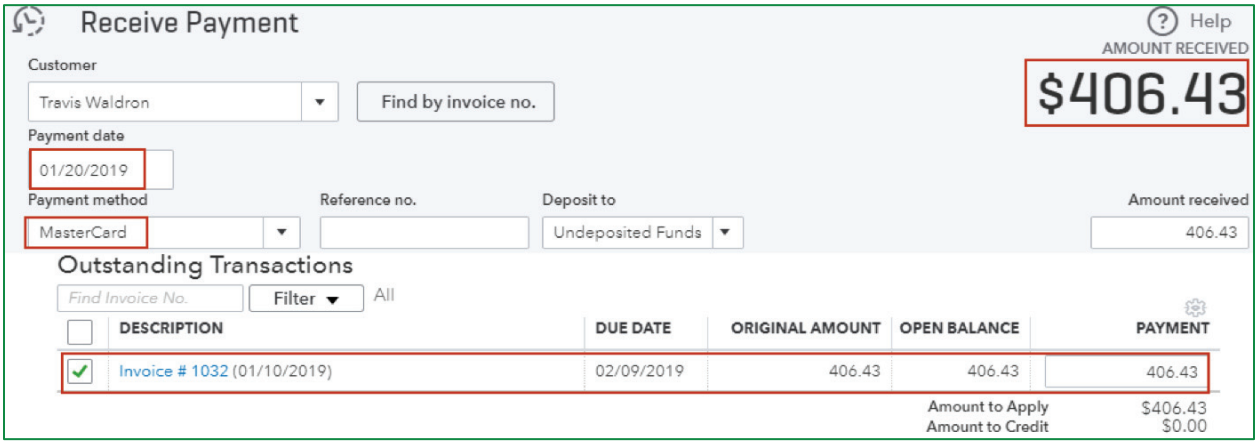
Continue to use the **Test Drive Company** to record the payment received from Travis Waldron

With Invoice 1032 showing on the screen, click the **Receive payment** button at the top of the invoice
Enter a Payment date that is 10 days after the date of the invoice

- For example, at the time of this writing, the Invoice date was 01/10/19 so the Payment date entered will be 01/20/19.

Click the drop-down list arrow for Payment method, and click **MasterCard**
Deposit to: **Undeposited Funds**

- Invoice 1032 was marked by QuickBooks Online and the amount of payment is the same that was calculated on the invoice.



Click **Save and close**

- Return to Invoice 1032 and notice that the Invoice is marked PAID.

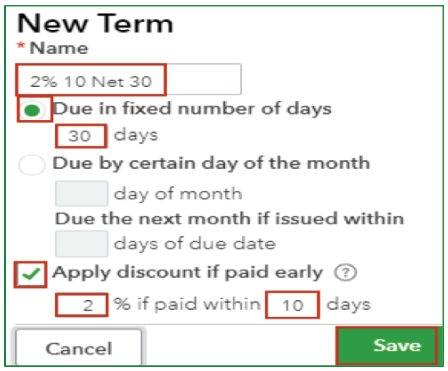
Close the Test Drive Company

ADD NEW SALES TERMS—DO

Currently, Your Name's Beach Barkers has only one Sales Term of Net 30. As you learned in the drill, if the customer qualifies for an early payment discount, the transaction terms should indicate that a discount is available for early payment.

DO

Open **Your Name's Beach Barkers** and add discount terms



Click the **Gear** icon, click **All Lists** in the Lists column, and click **Terms**
Click the **New** button
Enter **2% 10 Net 30** as the name for the New Term
For Due in fixed number of days, enter **30**
Click the check box for **Apply discount if paid early**
Enter **2** as the percent; then enter **10** for paid within days
Click **Save**

- If you want 2% 10 Net 30 as the terms for a customer, you go to the customer's account and add it to Terms in the Payment and billing section of the account. You may also use the 2% 10 Net 30 terms directly on an invoice without adding it to the customer's account.

Do not close Your Name's Beach Barkers

CHANGE CUSTOMER TERMS—DO

6

To encourage early payment, several of Your Name's Beach Barkers customers should be assigned terms of 2% 10 Net 30 rather than Net 30. The discount terms will be applied to any new invoices but will not change the terms for current unpaid invoices.

MEMO
DATE: February 7, 2019

Change Terms to 2% 10 Net 30 for the following customers: Joshua Davis, Tracy McCarter, and Monroe Miller.

DO

Continue to use **Your Name's Beach Barkers** and add discount terms to customer accounts

Open the Customers List, click **Joshua Davis**, click **Edit**
Click the **Payment and billing** tab
Click the drop-down list arrow for Terms, click **2% 10 Net 30**
Click **Save**
Repeat the procedure to add Terms of 2% 10 Net 30 to Tracy McCarter and Monroe Miller
Do not close Your Name's Beach Barkers continue to the next section

RECEIVE PAYMENTS WITHOUT DISCOUNTS—DO

When you receive a payment from a customer who does not qualify for a discount, you may access the invoice and click the Receive payment button or you may open the Receive Payment form as you did in Chapter 3.

MEMO
DATE: February 7, 2019

Received Check 7295 from Annabelle Morgan in full payment of Invoice 1037.

DO

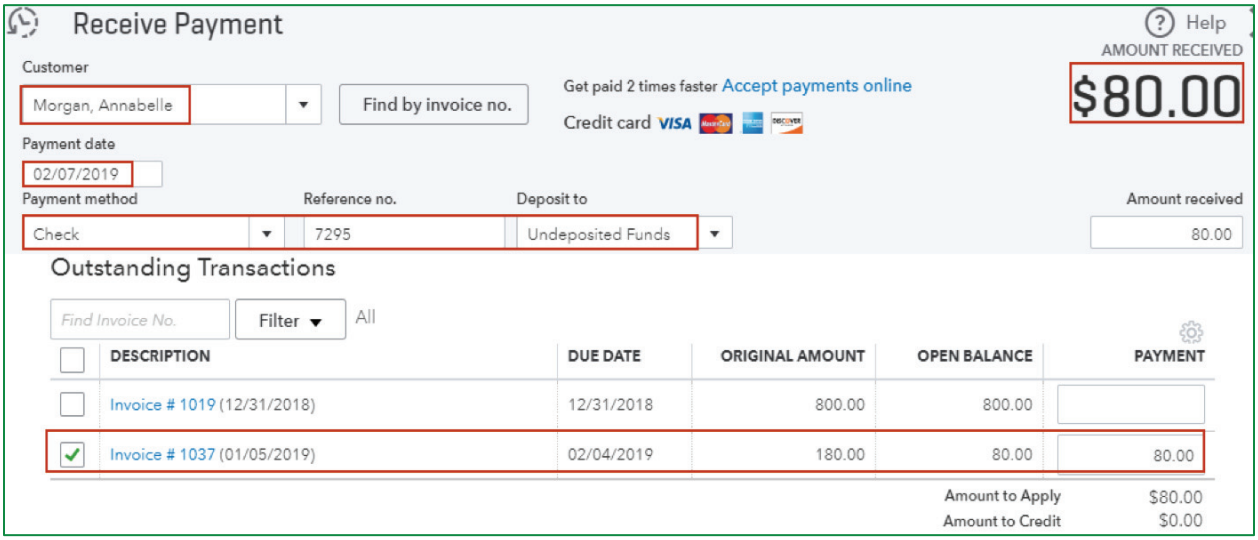
Continue to use **Your Name's Beach Barkers** to record a payment receipt

Click the **Plus** icon, click **Receive Payment** in the Customers column
Click the drop-down list arrow for Customer, click **Annabelle Morgan**
Payment date: **02/07/19**
Payment method: **Check**
Tab to Reference no. and enter the Check number **7295**

- Deposit to remains as Undeposited Funds.

Click the check box for **Invoice 1037** to select it
The Amount received is automatically entered as $80.00

- Note that the Original Amount for the invoice was $180.00. In Chapter 3, Annabelle made a partial payment of $100.00. The $80 shown as the Open Balance is the remaining amount due for the invoice.



- If you save the document, name it **18-Your Name Rcv Pmt A Morgan Ch 6**
- If your printed Sales Receipt shows the payment method, that is great. Sometimes, the payment method will show on the sales receipt and other times it will not. Do not be concerned if you do not see the payment method on the sales receipt.

Click **Save and close**, do not close Your Name's Beach Barkers

RECORD SALES DISCOUNT AND RECEIVE PAYMENTS—DO

When recording a sales discount, you return to the customer's invoice and enter the Discount percent at the bottom of the invoice. This is done no matter what Terms you have entered for the invoice. In addition, you will need to select whether to apply the discount before or after sales tax is calculated. The appropriate time to record sales discounts is when you receive payment from the customer. If payment is received within ten days after the invoice date and the customer is

eligible to receive a discount, you enter the discount percentage on the Invoice and then record the payment receipt. Once the discount is recorded on the invoice, click Save, then click Receive payment.

MEMO
DATE: February 9, 2019

Received payments from customers qualifying for early payment sales discounts (apply the discounts before sales tax):

Joshua Davis paid Invoice 1059 within ten days. Record the discount and the payment he made for $155.60 using a Debit Card.

Tracy McCarter paid Invoice 1056 within ten days. Record the discount and the payment made for $786.06 using her MasterCard.

Monroe Miller paid Invoice 1054 within ten days. Record the discount and the payment made for Invoice 1054 for $106.32 with an eCheck, Reference no. 2579.

DO

Continue to use **Your Name's Beach Barkers** and add sales discounts to invoices and record payment receipts

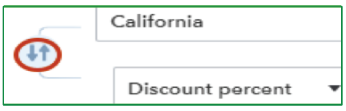
Open the Account Register for Joshua Davis, click **Invoice 1059**

- Even though you added new terms to his account, the terms used when the invoice was prepared are shown. Remember, new invoices will include his new terms of 2% 10 Net 30, but existing invoices will not.

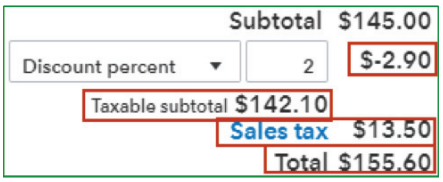
Click the drop-down list arrow for Terms; click **2% 10 Net 30**
Click in the text box for the Discount percent, enter **2**, press **Tab**

- Note the discount is $-2.90, the Sales tax is $13.78, and the Balance due is $155.88.

Click the light blue circle with the up and down arrows by Sales tax and Discount percent



- The Discount percent text box will appear before Sales tax. This means that the sales tax will be calculated based on the Taxable subtotal after the 2 percent discount is applied. The discount stays at $-2.90; however, the sales tax changes to $13.50 and the Balance due is $155.60.



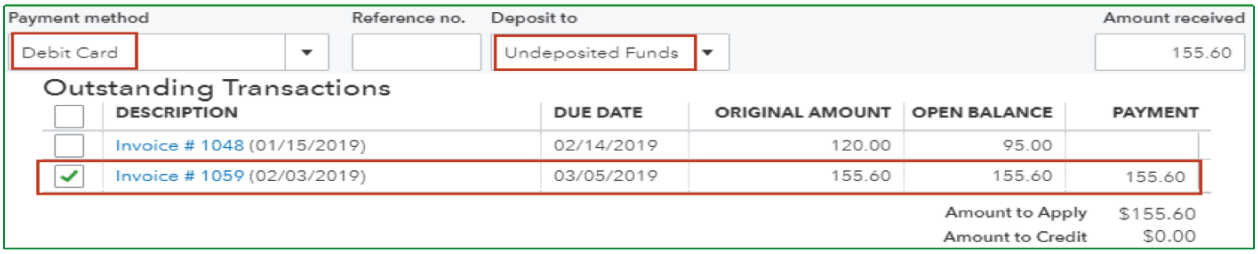
Click the **Save** button at the bottom of the Invoice to save it with the 2 percent discount applied before sales taxes without closing the invoice

- If you get a message that this transaction is linked to others, click **Yes**.

With Invoice 1059 showing on the screen, click the **Receive payment** button at the top of the invoice
Payment date **02/09/19**
Click the drop-down list arrow for Payment method, and click **Debit Card**

- Verify that the total amount received is $155.60 and that Invoice 1059 was selected.

6



- If you save the document, name it **19-Your Name Rcv Pmt J Davis Ch 6**

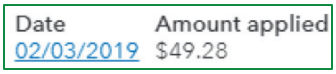
Click **Save and close** on Receive Payment
Return to the invoice and note that it is marked PAID, close the Invoice
Access **Invoice 1056** for Tracy McCarter
Enter the Terms of **2% 10 Net 30**
Enter **2** for the discount percentage, press **Tab**
Click the icon to make Discount percent before Sales Tax
Click **Save**
Click **Receive payment**
Payment date: **02/09/19**
Payment method: **MasterCard**

- The Amount Received should be $786.06.
- If you save the document, name it **20-Your Name Rcv Pmt T McCarter Ch 6**

Click **Save and close** for Receive Payment and, if shown, for Invoice 1056
Access **Invoice 1054** for Monroe Miller
Change the Terms to **2%10 Net 30**, add the Discount percent **2**, make Discount percent before Sales Tax
Click **Save**
Click **Yes** on the linked transaction message
If you get a message that says We applied an existing credit of $49.28 to this invoice, click **OK**

- Notice that just below the Receive payment button, there is a message that **1 payment made (49.28).** That was for the return of the sweater earlier in the chapter.

Click **1 payment made ($49.28)**, view the pop-up



- If for some reason you see the current date for the payment, change the date as follows:

  Click the date shown
  Change the date on the Receive Payment screen to **02/03/19**, press **Tab**
  Click **Save and close** on the Receive Payment screen for the Credit Memo
  Return to **Invoice 1054** for Monroe Miller

Click the **Receive payment** button on Invoice 1054
Make sure the Payment date is **02/09/19**
MasterCard was automatically used for the Payment method, change it to **eCheck**
Reference no. **2579**

- Remember, an eCheck is recorded just like a regular check.
- Note that the Deposit to is Undeposited Funds, and Invoice 1054 was marked to receive the payment.
- If you save the document, name it **21-Your Name Rcv Pmt M Miller Ch 6**

Click **Save and close** for Receive Payment and Invoice 1054
Do not close Your Name's Beach Barkers

RECORD BANK DEPOSIT—DO

Just as you did in Chapter 3, you will record a bank deposit to transfer the payment amounts received from customers out of Undeposited Funds and into Checking. Prior to recording a bank deposit, review your paid Invoices, Receive Payments, and Sales Receipts.

DO

Continue to use **Your Name's Beach Barkers** and record a bank deposit

Click the **Plus** icon; then click **Bank Deposit** in the Other column
- The account should be Checking; if not, select it from the drop-down list.

Enter the Date: **02/09/19**, press **Tab**
- Show payments for this location should be All Locations. If you wanted to make separate deposits from the Malibu and Venice locations, you could click the drop-down list arrow and select the appropriate location.

For Select Existing Payments, click the check box next to **RECEIVED FROM**
- This will insert check marks and select all the transactions shown.
- The deposit contains all the payments that were received using cash, checks, debit cards, eChecks, ACH Transfer, Visa, and MasterCard.

Click **Print** at the bottom of the Deposit screen; then click **Print deposit summary only**
- The Deposit Summary may be saved as a pdf file and/or printed. It cannot be exported.
- Note the dates displayed on the preview. On the left side of the report, you will see Summary of Deposits to Checking on 02/09/2019. On the right side of the report, you will see the current date. This is an instance where QuickBooks Online inserts the current date and you cannot remove it.
- If you save the Deposit Summary, name it **22-Your Name Bank Dep Ch 6**

Deposit Summary

Current Date

Summary of Deposits to Checking on 02/09/2019

CHECK NO.	PMT METHOD	RECEIVED FROM	MEMO	AMOUNT
	MasterCard	Walker, Kyle		1179.95
1983	Check	Cash Customer		246.51
	Visa	Wilson, Katie		459.75
	Debit Card	Sanchez, David		163.70
1064	Visa	Wilson, Katie		-10.95
7295	Check	Morgan, Annabelle		80.00
	Debit Card	Davis, Joshua		155.60
	MasterCard	McCarter, Tracy		786.06
2579	eCheck	Miller, Monroe		106.32
			DEPOSIT SUBTOTAL	3166.94
			LESS CASH BACK	
			DEPOSIT TOTAL	3166.94

Click **Save and close** on the Deposit screen
- If you discover an error after the bank deposit has been made, refer to Chapter 3 for instructions on how to correct it.

Close Your Name's Beach Barkers

RECORD NSF CHECK—DRILL

A *nonsufficient funds* (*NSF* or *bounced)* check is one that cannot be processed by the bank because there are insufficient funds in the customer's bank account to pay the check. If this occurs, the amount of the check and the associated bank charges need to be subtracted from the

account where the check was deposited. Also, the Accounts Receivable account needs to be updated to show the amount the customer owes you for the check that *bounced*. In order to track the amount of a bad check and to charge a customer for the bank charges and any penalties you impose, other items may need to be created and an invoice for the amount due for the bank charges must be prepared.

Money received for the bad check charges from the bank and for the Test Drive Company is recorded as income. When the bank account is reconciled, the amount of bank charges will offset the income recorded on the invoice.

Nonsufficient funds, NSF, and bounced check are all used synonymously when referring to a check that does not clear because there was not enough money in the bank account to pay it.

MEMO
DATE: Current Date

Bill's Windsurf Shop's Check 1053 came back from the bank marked NSF. Record the bounced check and the $35 fee that includes the bank charges and the fee that Craig's Design and Landscaping Services charges for an NSF check.

DRILL

Open and use the **Test Drive Company** and record a Nonsufficient Funds (NSF/Bounced) Check and the related charges

Enter New Item for Bounced Check Charges

Use the **Test Drive Company** and enter new Items for Bounced Check Charges

Open the **Chart of Accounts** in the Test Drive Company
Scroll until you get to **Fees Billed**, click the drop-down list arrow for Action, click **Edit**
Change the Category Type to **Other Income**
Change the Detail Type to **Other Miscellaneous Income**

- When you earn income that isn't from normal business operations, such as fees billed for NSF charges, Other Miscellaneous Income should be used to record the income.

Do not change the account name, keep it as **Fees Billed**
Click **Save and Close**

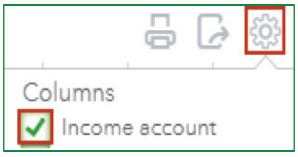
- If you get a warning screen, click **Yes**.

Access the **Products and Services** list
Click the **New** button

- You will be billing Bill's Windsurf Shop for the bank's $20 NSF service charge plus the $15 you charge for NSF check processing. You will record the total amount as income. When you get your bank statement, you will mark the NSF service charge as Bank Charges, which will offset the amount of income received for Bounced Check Charges.

Click **Service** for the type of item
Enter the information for the new item:
Name: **Bounced Check Charges**
Sales information: **Bounced Check Charges**
Income account: **Fees Billed**
Click the check box for Is taxable to remove the check mark

Click **Save and close**
Click the **Gear** icon (next to the Print and Export icons) at the top of the Products/Services List; then click **Income account** to add the column Income Account to the Products/Services List



- The Income Account Fees Billed is now shown in the List.

NAME	SKU	TYPE	SALES DESCRIPTION	INCOME ACCOUNT
Bounced Check Charges		Service	Bounced Check Charges	Fees Billed

Do not close the Test Drive Company, continue with the next step

Record Journal Entry for Bounced Check

Use the **Test Drive Company** to record the Journal Entry for a Bounced Check

Click the **Plus** icon, click **Journal Entry** in the Other column
Use the **Current Date**
Line 1: Account: **Accounts Receivable**, Debits: **175**, Description: **Bounced Check**, Name: **Bill's Windsurf Shop**

- This part of the Journal entry puts the $175 from the Bounced Check back into Accounts Receivable. Entering the customer's name, matches the amount of the bounced check with the customer who still owes you $175 because of the NSF check.

Line 2: Account: **Checking**, Credits: **175**, Description: **Bounced Check**

- This part of the transaction removes the $175 that was deposited into the checking account.

Journal Entry #1

Journal date: Current Date
Journal no.: 1

#	CATEGORY	DEBITS	CREDITS	DESCRIPTION	NAME
1	Accounts Receivable (A/R)	175.00		Bounced Check	Bill's Windsurf Shop
2	Checking		175.00	Bounced Check	
	Total	175.00	175.00		

Click **Save and close**

- If you receive the message regarding The transaction you are editing is linked to others., click **Yes**.

Do not close the Test Drive Company, continue with the next step

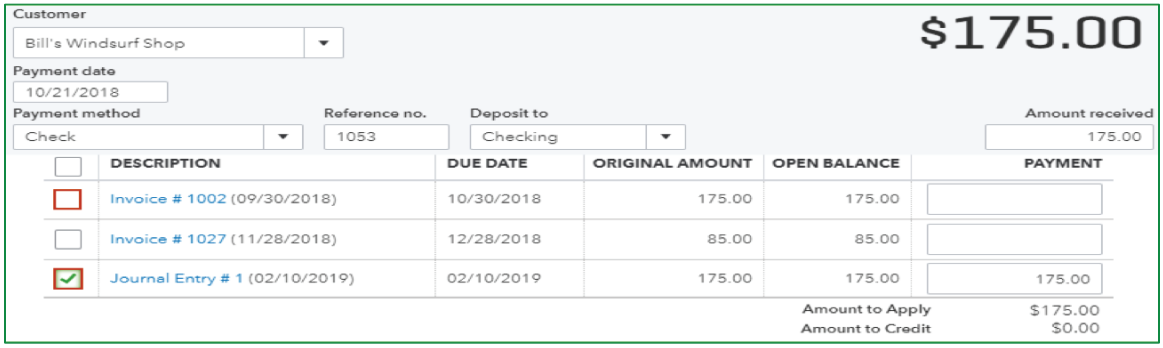
Apply Journal Entry for Bounced Check

Continue to use the **Test Drive Company** to apply the Journal Entry for a Bounced Check

Access Bill's Windsurf Shop's account register from the Customers List
In the Transaction section, click the **Payment 1053** to open Receive Payment
Click the check box for **Invoice 1002** to remove the check mark
Click the check box for **Journal Entry 1** to enter a check mark

- This removes the $175 payment for Invoice 1002 and applies it to Journal Entry 1.
- Invoice 1002 now shows that it has not been paid.

- Remember that the dates shown in the transaction will not match the dates you see on your screen.



Click **Save and close**
If you receive the message regarding The transaction you are editing is linked to others., click **Yes**
Do not close the Test Drive Company, continue with the next step

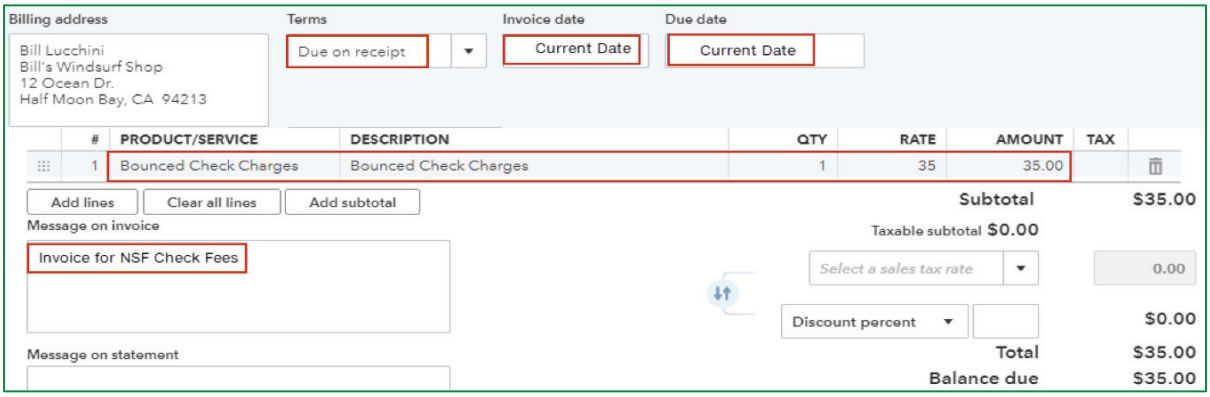
Record Invoice for Bounced Check Charges

Continue to use the **Test Drive Company** to record the Invoice for Bounced Check Charges

Create a new **Invoice** as previously instructed
Customer: **Bill's Windsurf Shop**
Terms: **Due on receipt**, Invoice date: **Current date**
Line 1: Product/Service: **Bounced Check Charges**
Qty: **1**
Rate: **35**

- The $35 will cover the bank NSF charge of $20 and will give $15 to Craig's Design and Landscaping Service as income for Fees billed. When the next bank statement arrives, it will show the $20 charge from the bank for the NSF check. This will be put into the Bank Charges expense account. The net result of this will leave $15 as income for Craig's Design and Landscaping Service for processing an NSF check.

Click in the Message displayed on invoice, delete the current message, enter **Invoice for NSF Check Fees**



Click **Save and close, c**lose the Test Drive Company

RECORD NSF CHECK—DO

As you have just practiced in the drill, recording a *nonsufficient funds* (*NSF* or *bounced)* check requires recording several transactions. First, an income account to use for the fees charged for the NSF check must be selected or added. A Service Item to record Fees Charged for NSF Checks must be created. A Journal Entry must be recorded to add the amount of the bounced check back into Accounts Receivable and remove the amount from Checking. The Journal entry must be selected in Receive Payments for the invoice that was paid with an NSF check. Finally, an invoice must be prepared to charge the customer the fees associated with the bounced check.

MEMO
DATE: February 10, 2019

Check 7295 for $80 from Annabelle Morgan was returned as an NSF check. Record the NSF check and the $40 fee that you charge for processing it.

DO

Open and use **Your Name's Beach Barkers** to record a Nonsufficient Funds (NSF/Bounced) Check and the related charges

Enter New Item for NSF Charges

Use **Your Name's Beach Barkers** and add a new account and a new Service Item that will be used for NSF Charges

Open the Chart of Accounts
Scroll through the accounts to see if there is an income account that would be appropriate to use for the fees charged for processing NSF checks
Since there is not an appropriate account, click the **New** button
Add a New Income account:
Type: **Other Income**
Detail Type: **Other Miscellaneous Income**
Name: **Fees Billed**
Click **Save and Close**

NAME	TYPE	DETAIL TYPE
Fees Billed	Other Income	Other Miscellaneous Income

- No Class is assigned for this item.

Access the **Products and Services** List as previously instructed
Click the **New** button

- You will be billing Annabelle Morgan for the $20 fee the bank charges for an NSF check plus the $20 you charge for NSF check processing. You will record the total amount as Fees Billed in Other Miscellaneous income. When you get your bank statement, you will mark the NSF service charge as Bank Charges, which will offset the amount of income received for Bounced Check Charges.

Click **Service** for the type of item
Enter the information for the new item:
Name: **NSF Charges**, Sales information: **NSF Charges**, Income account: **Fees Billed**
Click the check box for Is taxable to remove the check mark
Click **Save and close**
Click the **Products/Services Gear** icon (next to the Print and Export icons)

Click **Income account** to add the column to the Products/Services List display
Since you do not use a SKU inventory system, click the check box for **SKU** to remove the check mark

- A column for Income account will be displayed while the column for SKU will no longer be shown.

Do not close Your Name's Beach Barkers, continue with the next step

Record Journal Entry for NSF Check

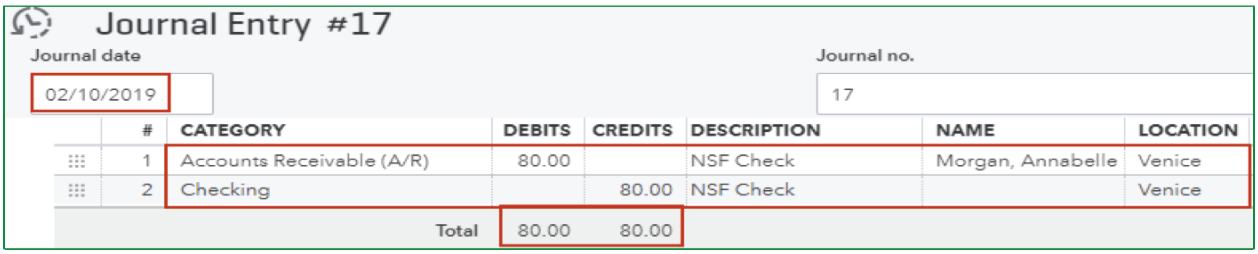
Use **Your Name's Beach Barkers** to record the Journal Entry for an NSF/Bounced Check

Click the **Plus** icon, click **Journal Entry** in the Other column
Date: **02/10/19**
Line 1: Account: **Accounts Receivable**, Debits: **80**, Description: **NSF Check**, Name: **Annabelle Morgan**
Location: **Venice**

- You do not have a Class for NSF fees so do not include Class in the entry.
- This part of the Journal entry puts the $80 from the Bounced (NSF) Check back into Accounts Receivable. Entering the customer's name, matches the amount of the bounced check with the customer who still owes you $80 because of the NSF check.

Line 2: Account: **Checking**, Credits: **80**, Description: **NSF Check**, Location: **Venice**

- This part of the transaction removes the $80 that was deposited into the checking account.



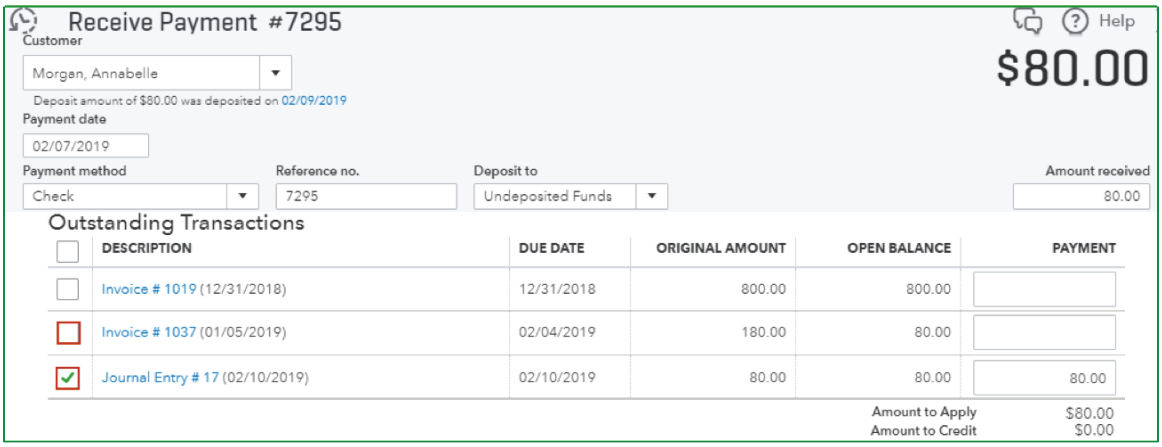
Click **Save and close**
Do not close Your Name's Beach Barkers, continue with the next step

Apply Journal Entry for NSF Check

Continue to use **Your Name's Beach Barkers** to apply the Journal Entry for an NSF Check

Access Annabelle Morgan's account register from the Customers List
In the Transaction list, click the **Payment 7295** to open Receive Payment
Click the check box for **Invoice 1037** to remove the check mark
Click the check box for **Journal Entry 17** to enter a check mark

- This removes the $80 payment for Invoice 1037 and applies it to Journal Entry 17.
- Invoice 1037 now shows that it has not been paid.



Click **Save and close**
If you get a message regarding the transaction being linked to others, click **Yes**.
Do not close Your Name's Beach Barkers, continue with the next step

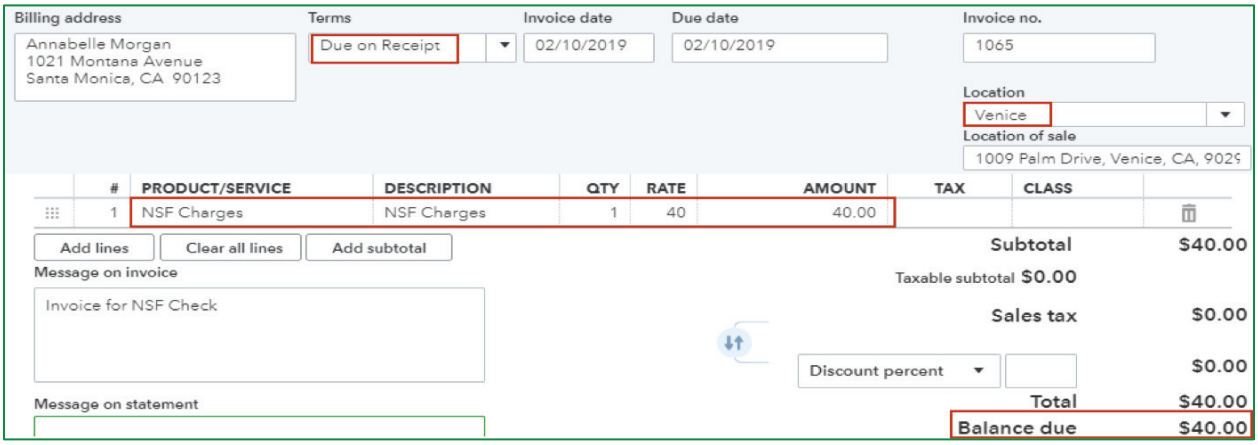
Record Invoice for NSF Check Charges

Continue to use **Your Name's Beach Barkers** to record the Invoice for NSF Charges

Create a new **Invoice**
Customer: **Annabelle Morgan**
Since you do not have a Due on Receipt Term, click the drop-down list arrow for Terms
Click +**Add new**
Name: **Due on Receipt**
For due in fixed number of days, click **0**
Click **Save**
Invoice date: **02/10/19**
Location: **Venice**
Line 1: Product/Service: **NSF Charges**
Description: **NSF Charges**
Qty: **1**
Rate: **40**

- The $40 will cover the bank's NSF charge of $20 and will give $20 as income for Fees billed. When the next bank statement arrives, it will show the $20 charge from the bank for the NSF check. This will be put into the Bank Charges expense account. The net result of this will leave $20 as income for Your Name's Beach Barkers for processing an NSF check.

Change the Message on Invoice to **Invoice for NSF Check**



Print and/or send the invoice as previously instructed

- If you save the invoice, name it **23-Your Name Inv 1065 A Morgan Ch 6**

Click **Save and close**
Do not close Your Name's Beach Barkers

CUSTOMER BALANCE DETAIL—DO

The Customer Balance Detail report lists unpaid invoices for each customer. The information provided includes the customer name, all invoices with a balance, the invoice date, the invoice number, the amount of each invoice, the open balance (unpaid amount) for each invoice, and the total balance due from each customer.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Customer Balance Detail report

Open **Reports**, scroll to the category **Who owes you**, click **Customer Balance Detail**
Click the **Customize** button and change the footer as previously instructed
Click **Run Report**
Since this is a report you prepare frequently, click **Save Customization**
Name the custom report: **Customer Balance Detail**, click **Save**
Transaction Date: **All Dates**
Review the Unpaid Invoices and the Open Balances
Verify the amounts shown in the following report with the amounts shown in your report

- Is your total for the Amount column $18,692.00? Is the total of your Open Balance column $16,767.00?

Print, export, and/or send/submit the report

- If you save the report, name it **24-Your Name Cust Bal Detail Ch 6**

Your Name's Beach Barkers
CUSTOMER BALANCE DETAIL
All Dates

DATE	TRANSACTION TYPE	NUM	LOCATION	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
Anderson, Dori							
12/31/2018	Invoice	1015		12/31/2018	2,500.00	2,500.00	2,500.00
Total for Anderson, Dori					**$2,500.00**	**$2,500.00**	
Bailey, Larry							
12/31/2018	Invoice	1016		12/31/2018	2,500.00	2,500.00	2,500.00
Total for Bailey, Larry					**$2,500.00**	**$2,500.00**	
Davis, Joshua							
01/15/2019	Invoice	1048		02/14/2019	120.00	95.00	95.00
Total for Davis, Joshua					**$120.00**	**$95.00**	
Egkan, Sandi							
02/03/2019	Invoice	1058	Malibu	03/05/2019	574.88	574.88	574.88
Total for Egkan, Sandi					**$574.88**	**$574.88**	
Gilbert, Oscar							
12/31/2018	Invoice	1018		12/31/2018	500.00	500.00	500.00
01/01/2019	Invoice	1036		01/31/2019	650.00	350.00	850.00
Total for Gilbert, Oscar					**$1,150.00**	**$850.00**	
Gucci, Gloria							
01/17/2019	Invoice	1050		02/16/2019	475.00	475.00	475.00
02/01/2019	Invoice	1055	Venice	03/03/2019	747.60	747.60	1,222.60
Total for Gucci, Gloria					**$1,222.60**	**$1,222.60**	
Hernandez, Todd							
12/31/2018	Invoice	1022		12/31/2018	1,800.00	1,800.00	1,800.00
01/15/2019	Invoice	1047		02/14/2019	440.00	440.00	2,240.00
Total for Hernandez, Todd					**$2,240.00**	**$2,240.00**	
Morgan, Annabelle							
12/31/2018	Invoice	1019		12/31/2018	800.00	800.00	800.00
01/05/2019	Invoice	1037		02/04/2019	180.00	80.00	880.00
02/10/2019	Invoice	1065	Venice	02/10/2019	40.00	40.00	920.00
Total for Morgan, Annabelle					**$1,020.00**	**$920.00**	
Norbert, Viv							
12/31/2018	Invoice	1020		12/31/2018	2,900.00	1,400.00	1,400.00
Total for Norbert, Viv					**$2,900.00**	**$1,400.00**	
Perez, Eric							
12/31/2018	Invoice	1021		12/31/2018	1,500.00	1,500.00	1,500.00
Total for Perez, Eric					**$1,500.00**	**$1,500.00**	
Ramirez, Megan							
02/01/2019	Invoice	1053	Malibu	03/03/2019	364.52	364.52	364.52
Total for Ramirez, Megan					**$364.52**	**$364.52**	
Rodriguez, Ricardo							
12/31/2018	Invoice	1023		12/31/2018	900.00	900.00	900.00
Total for Rodriguez, Ricardo					**$900.00**	**$900.00**	
Vines, Pamela							
12/31/2018	Invoice	1026		12/31/2018	750.00	750.00	750.00
01/01/2019	Invoice	1030		01/31/2019	950.00	950.00	1,700.00
Total for Vines, Pamela					**$1,700.00**	**$1,700.00**	
TOTAL					$18,692.00	$16,767.00	

Do not close Your Name's Beach Barkers

ADDITIONAL TRANSACTIONS—DO

Record the additional transactions using Your Name's Beach Barkers. All transactions to be recorded were either completed as drills using the Test Drive Company or as transactions for Your Name's Beach Barkers.

DO

Continue to use **Your Name's Beach Barkers** and enter the transactions in the Memo box

Specify Location based on the customer's city
Print, save, and submit as requested by your instructor

- Use the same naming structure as previously instructed: Document number, your name, business form and number, first initial and last name. For example, 21-Your Name Inv 1234 J Doe

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- If you correct and print a business document, add Corrected at the end of the document name.

Any cash or checks received should be placed into Undeposited Funds until the bank deposit is made

MEMO

DATE: February 12, 2019

Change the following customer accounts to have terms of 2% 10 Net 30, include payment information as shown, and add the Dog's Name as a note. Josh Glass (ACH Transfer, Dog's Name: Monkey); Anthony Hughes (ACH Transfer, Dog's Name: Charlie); Colleen Stark (MasterCard, Dog's Name: Bella), and Drake Williams (Check, Dog's Name: Riley).
Add a new Class: Off-Site, which will be used when services are performed at someone's home. Add the class to the services: Dog Walking, Poop Scoop, and Transportation.
Record a sale on account for Josh Glass, Malibu, for 5 days of Day Camp and 10 hours Transportation to take Monkey to and from day camp. Josh also purchased 1 Dog Bed.
Received payment in full from Dori Anderson, Check 7724.
Correct Invoice 1058 to Sandi Egkan, add 1 Dog Bed and decrease Quantity of Brushes to 4.
Record a cash sale for a new customer: Eugene Fisher (Address: 24755 Vantage Point Terrace, Malibu, CA 90265; Email: Eugene@mbu.com; Phone: 424-555-2751; Mobile: 424-555-1572; Dog's Name: Shadow; Visa; Terms Net 30) 10 Days Boarding, 1 Bath, 1 Nails, 1 Ten One-Hour Sessions Training, 4 Hours Transportation, and 5 Bones $10 each. Which Location did you use?
Received $14.24 in cash from Cash Customer, Venice, for 1 Dog Snack $5, and 1 Bone $8.
Record a sale on account for Colleen Stark, Venice, for 10 days of Day Camp, 20 hours of Transportation to take her dog, Bella, to and from day camp, 2 Bath, 1 Nails, 1 Dental Care, 1 Collar $45, and 1 Dog Bed.
Received eCheck 2789 from Candi Jones, Malibu, for the purchase of Dog Food-Canned: 30 Cans $8.95 each and 2 bags of Dog Food-Dry $50 each.
Create a Bundle named Home Services. Include 0 Dog Walking and 0 Poop Scoop for the items. Because the quantity changes enter 0 as the QTY for both items. Select Display bundle components when printing or sending transactions.
Andrew Nichols, Malibu, is having you come to his house to provide 5 Dog Walking and 5 Poop Scoop for his dog, Duke. (Did you use the Bundled item: Home Services and enter quantities of 5? Did you add Off-Site for the Class?) Begin on Line 2 to record the remaining items of the Sales Receipt: 1 Five One-Hour Sessions of Training (1 Training 2), 1 Collar $35 and 1 Leash $30. He used his Debit card for payment.
Record Credit Memo to Megan Ramirez, Malibu, 2 Toys $15 each. (After recording the Credit Memo, access Megan's Transaction List. Open the Payment for the current date and change the date to 02/12/19. The amount received will show 0.00. This Receive Payment is the link between the invoice and the credit memo. Click Save and close. Do not print the Receive Payment.)

Continue recording, saving, and printing transactions

MEMO

DATE: February 12-15, 2019

Enter the following transactions using the date given in the transaction

February 13: Took Anthony Hughes' dog Charlie to the vet, Malibu. Record a sale on account for 3 hours Transportation, 1 Vitamins $35.

February 13: Record a Credit Memo to Josh Glass, Malibu, for the return of 1 Dog Bed. After recording the Credit Memo, access Josh's Transaction List. Open the Payment for the current date and change the date to 02/13/19 (Do not print the Receive Payment). The amount of sales tax for this transaction is $6.175. As a result, the sales tax needs to be rounded off by QBO. Sometimes, it shows as $6.17 and other times as $6.18. If you see Sales tax as 6.18, everything is correct. If you see Sales tax as 6.17, do the following: click **Sales tax** on the Credit Memo, you should see $6.18 as the amount of Total sales tax. If you do, click **Close** to add the correct amount of tax. If not, click **Override this amount**, enter the Rate of **9.50 or** the Amount of **6.18**, click the drop-down list arrow for **Reason**, click **Other**, then click **Confirm**. Click **Close** on the Override sales tax screen.

February 13: Record refund to Eugene Fisher, Malibu, for 3 Dog Bones $10 each. Account: Undeposited Funds.

February 12: Forgot to record a Delayed Charge for Drake Williams, Venice, for 1 Dog Bed for his dog Riley.

February 13: Convert delayed charge from Drake Williams to an invoice, use the terms of Net 30 for this invoice. The amount of sales tax for this transaction is $6.175. As a result, the sales tax needs to be rounded off by QBO. Sometimes, it shows as $6.17 and other times as $6.18. If you see Sales tax as 6.18 everything is correct. If you see Sales tax as 6.17, do the following: click **Sales tax** on the invoice, you should see $6.18 as the amount of Total sales tax. If you do, click **Close** to add the correct amount of tax. If not, click **Override this amount**, enter the Rate of **9.50 or** the Amount of **6.18**, click the drop-down list arrow for **Reason**, click **Other**, then click **Confirm**. Click **Close** on the Override sales tax screen.

February 14: Received payments in full from customers. Deposit to: Undeposited Funds. (Remember, if there is a discount, you must record the discount on the Invoice and apply it before sales tax.): Josh Glass, Invoice 1066 (Terms 2% 10 Net 30, ACH Transfer); Colleen Stark, Invoice 1069 (Terms 2% 10 Net 30, MasterCard), Megan Ramirez, Invoice 1053 (Net 30, Visa), Drake Williams, Invoice 1076 (Net 30, Check 1092). Make sure Receive Payment Date is 02/14/19.

February 14: Check all your work carefully, and then make the Bank Deposit. Print the Deposit Summary.

February 15: Check 1092 from Drake Williams, Venice, was returned marked NSF. Record the NSF check and the $40 fee ($20 that you charge and $20 that the bank charges) for the NSF check with Terms of Due on receipt.

Do not close Your Name's Beach Barkers

PREPARE REPORTS—DO

As with other chapters, reports provide a wealth of information. Some of the reports prepared will give you summary information regarding sales and receivables, while others will provide in-depth information. Since Chapter 6 has been focused on sales and receivables, you will prepare the following reports: Customer Balance Summary, shows each customer's total open balance; Sales by Product/Service Summary, shows sales for each item on the Product/Service List; Sales by

Class Summary, shows the amount of sales for each Class; Sales by Location Summary, shows the amount of sales for each Location; Journal, shows every transaction entered in debit/credit format; and Trial Balance, proves that Debits equal Credits for February 1-15, 2019.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Sales by Product/Service Summary, Sales by Class Summary, Sales by Location Summary, Customer Balance Summary, Journal, and Trial Balance for February 1-15, 2019

Sales by Product/Service Summary

Prepare the Sales by Product/Service Summary report

Access the **Sales and customers** report category and prepare the **Sales by Product/Service Summary**
Change the footer as previously instructed
Use the Dates From: **02/01/19** To: **02/15/19**

Your Name's Beach Barkers
SALES BY PRODUCT/SERVICE SUMMARY
February 1-15, 2019

	TOTAL						
	QUANTITY	AMOUNT	% OF SALES	AVG PRICE	COGS	GROSS MARGIN	GROSS MARGIN %
Bath	8.00	280.00	3.25 %	35.00			
Boarding	30.00	1,650.00	19.17 %	55.00			
Bones	19.00	165.00	1.92 %	8.6842105	38.00	127.00	76.97 %
Brushes	9.00	220.00	2.56 %	24.4444444	45.00	175.00	79.55 %
Collars	10.00	355.00	4.12 %	35.50	100.00	255.00	71.83 %
Day Camp	26.00	780.00	9.06 %	30.00			
Dental Care	2.00	100.00	1.16 %	50.00			
Dog Beds	4.00	260.00	3.02 %	65.00	80.00	180.00	69.23 %
Dog Brushing	5.00	75.00	0.87 %	15.00			
Dog Food-Canned	72.00	475.00	5.52 %	6.5972222	180.00	295.00	62.11 %
Dog Food-Dry	6.00	155.50	1.81 %	25.9166667	42.00	113.50	72.99 %
Dog Snacks	24.00	120.00	1.39 %	5.00	24.00	96.00	80.00 %
Dog Walking	5.00	75.00	0.87 %	15.00			
Leashes	8.00	230.00	2.67 %	28.75	80.00	150.00	65.22 %
Nails	6.00	120.00	1.39 %	20.00			
NSF Charges	2.00	80.00	0.93 %	40.00			
Poop Scoop	5.00	75.00	0.87 %	15.00			
Sweaters	7.00	255.00	2.96 %	36.4285714	105.00	150.00	58.82 %
Toys & Treats	12.00	160.00	1.86 %	13.3333333	24.00	136.00	85.00 %
Training 2	2.00	700.00	8.13 %	350.00			
Training 3	2.00	1,300.00	15.10 %	650.00			
Transportation	37.00	925.00	10.74 %	25.00			
Vitamins	5.00	105.00	1.22 %	21.00	15.00	90.00	85.71 %
Not Specified	-2,590.00	-51.80	-0.60 %	0.02			
TOTAL		$8,608.70	100.00 %		$733.00		

Use Portrait Layout and print, export, and/or send/submit the report

- If you save the report, name it: **44-Your Name Sales by Prod-Svc Sum Ch 6**

Sales by Class Summary

Prepare the Sales by Class Summary report

Continue to use the **Sales and customers** category for reports
Click **Sales by Class Summary**
Change the footer as previously instructed

Use the Dates From: **02/01/19** To: **02/15/19**

- Totals for each Class recorded on sales documents are shown. Not Specified means that a class was not selected for a sales document, which would include the amounts of Sales Discounts and NSF charges.

Use Portrait layout and print, export, and/or send/submit the report

- If you save the report, name it: **45-Your Name Sales by Class Sum Ch 6**

Your Name's Beach Barkers
SALES BY CLASS SUMMARY
February 1-15, 2019

	TOTAL
Boutique	2,500.50
Dog Care	5,005.00
Off-Site	1,075.00
Not Specified	28.20
TOTAL	$8,608.70

Sales by Location Summary

Prepare the Sales by Location Summary report

Continue to use the **Sales and customers** category for reports
Click **Sales by Location Summary**
Change the footer as previously instructed
Use the Dates From: **02/01/19** To: **02/15/19**
Use Portrait layout and print, export, and/or send/submit the report

- If you save the report, name it: **46-Your Name Sales by Loc Sum Ch 6**

Your Name's Beach Barkers
SALES BY LOCATION SUMMARY
February 1-15, 2019

	TOTAL
Malibu	5,862.10
Venice	2,746.60
TOTAL	$8,608.70

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Customer Balance Summary

Prepare the Customer Balance Summary report

Access **Custom Reports** and prepare the customized **Customer Balance Summary**
Dates: **All Dates**
Compare your totals with the ones shown in the report

- If you need more detailed information about an individual customer, click the total for the customer to drill-down to the individual Customer Balance Detail.

Use Portrait layout to print, export, and/or send/submit the report

- If you save the report, name it: **47-Your Name Cust Bal Sum Ch 6**

Your Name's Beach Barkers
CUSTOMER BALANCE SUMMARY
All Dates

	TOTAL
Bailey, Larry	2,500.00
Davis, Joshua	95.00
Eqkan, Sandi	618.68
Gilbert, Oscar	850.00
Gucci, Gloria	1,222.60
Hernandez, Todd	2,240.00
Hughes, Anthony	113.33
Morgan, Annabelle	920.00
Norbert, Viv	1,400.00
Perez, Eric	1,500.00
Rodriquez, Ricardo	900.00
Vines, Pamela	1,700.00
Williams, Drake	111.18
TOTAL	$14,170.79

Journal

Prepare the Journal report

Use **Custom Reports** and prepare your customized **Journal** for February 1-15, 2019

- Are your totals for Debits and Credits **$25,639.11**?

Print in Landscape orientation, export, and/or send/submit the report

- If you save the report, name it: **48-Your Name Journal Ch 6**

Trial Balance

Prepare the Trial Balance

Access **Custom Reports** and prepare your customized **Trial Balance** for February 1-15, 2019

- Do your Debit and Credit totals match?

Your Name's Beach Barkers
TRIAL BALANCE
As of February 15, 2019

	DEBIT	CREDIT
Checking	71,130.14	
Petty Cash	107.08	
Accounts Receivable (A/R)	14,170.79	
Inventory Asset	28,579.50	
Prepaid Insurance	1,100.00	
Supplies:Cleaning Supplies	825.00	
Supplies:Kennel Supplies	1,950.00	
Supplies:Office Supplies	628.68	
Supplies:Sales Supplies	400.00	
Undeposited Funds	0.00	
Furniture & Fixtures:Depreciation		1,625.00
Furniture & Fixtures:Original cost	15,000.00	
Kennel Equipment:Depreciation		2,200.00
Kennel Equipment:Original cost	21,150.00	
Office Equipment:Depreciation		900.00
Office Equipment:Original cost	11,685.84	
Vehicles:Depreciation		3,475.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		4,214.00
California Department of Tax and Fee Administration Payable		236.34
Loans Payable:Equipment Loan		1,970.59
Loans Payable:Furniture & Fixtures Loan		2,463.24
Opening Balance Equity		300.00
Retained Earnings	1,654.66	
Your Name, Capital		119,732.16
Your Name, Capital:Your Name, Drawing		0.00
Your Name, Capital:Your Name, Investment		53,735.00
Sales Discounts	51.80	
Sales of Product Income		2,500.50
Services:Boarding		2,420.00
Services:Day Camp		1,410.00
Services:Grooming		1,360.00
Services:House Calls		375.00
Services:Training		5,025.00
Services:Transportation		1,225.00
Cost of Goods Sold:Merchandise Purchases	733.00	
Advertising	200.00	
Bank Charges	16.00	
Equipment Rental	75.00	
Insurance:Vehicle Insurance	100.00	
Interest Expense	18.75	
Laundry	6.50	

Rent or Lease	1,500.00	
Repair & Maintenance:Computer Repair	200.00	
Repair & Maintenance:Vehicle Repair	212.50	
Supplies Expense:Cleaning Supplies Expense	100.00	
Supplies Expense:Kennel Supplies Expense	134.00	
Supplies Expense:Office Supplies Expense	131.47	
Supplies Expense:Sales Supplies Expense	100.00	
Telephone Expense	129.95	
Utilities:Electric	89.75	
Utilities:Gas-Heating	189.50	
Utilities:Water	175.95	
Vehicle Expenses	109.90	
Fees Billed		80.00
Interest Earned		78.93
Depreciation Expense	670.00	
TOTAL	**$205,325.76**	**$205,325.76**

Print in Portrait orientation, export, and/or send/submit the report as previously instructed

- If you save the report, name it: **49-Your Name Trial Bal Ch 6**

SUMMARY

In this chapter transactions for sales on account and cash sales of products and services were recorded. A Logo was added to business documents and sales forms were customized. Sales Tax was setup and used when invoices and sales receipts were prepared for the sale of inventory items/products. Terms for 2% 10 Net 30 and Due on Receipt were added and applied to invoices. Sales transactions included information for locations and classes. Delayed charges were created and then converted into invoices. Debit cards, credit cards, eChecks, and ACH Transfers were added to the Payment Methods list and to individual customer accounts as their preferred Payment Methods. These were used when processing customer payments and cash sales. Customers and accounts were added and edited. New products and service items were added. Bundles of sales items were created and used for transactions. NSF transactions were recorded. Reports were customized, memorized, and prepared. Preparing reports, such as, the Customer Balance Detail, Customer Balance Summary, Sales by Product/Service Summary, Sales by Classes Summary, Sales by Location Summary, Journal, and Trial Balance provided detailed information regarding sales and receivables.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 6.01. If a customer issues a check that is returned marked NSF, you may charge the customer the amount of the bank charges and any penalty charges you impose.

_____ 6.02. A Logo is added through the Advanced tab under Account and Settings.

_____ 6.03. Since QuickBooks Online automatically determines Sales Taxes based on a combined tax rate, the sales tax amount and/or rate cannot be overridden.

_____ 6.04. Each Location of the business may use a different address and phone number.

_____ 6.05. Sales discounts must be applied before sales tax.

_____ 6.06. A Delayed Charge is added to the customer's balance.

_____ 6.07. All payments received by QuickBooks Online, including debit cards and credit cards, are placed in Undeposited Funds until the bank deposit is made.

_____ 6.08. Terms of 2% 10 Net 30 are used for NSF Check penalties.

_____ 6.09. Locations can use a descriptive name; such as, Store.

_____ 6.10. A Bundle is a group of sales items sold together.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 6.11. Transactions may be categorized based on ___ and ___.
A. Location and Class
B. Settings and Class
C. Locations and Settings
D. Any of the above

_____ 6.12. The Customer Balance Detail will show all of the following for an individual customer ***except***:
A. Outstanding Delayed Charge amount
B. Outstanding Invoice amount
C. Outstanding Credit Memo amount
D. All of the above will be shown on a Customer Balance Detail report

_____ 6.13. When a customer qualifies for an early payment discount, you record the discount ___.
A. On the original Invoice
B. As a Journal entry
C. On a new Invoice
D. In the Sales Discount register

_____ 6.14. Payment Methods are created for ___.
A. Debit Cards
B. MasterCard
C. Visa
D. All of the above

_____ 6.15. The report that lists all the unpaid invoices for each customer is the___ report.
A. Customer Balance Summary
B. Customer Balance Detail
C. Collections report
D. Open Invoices

_____ 6.16. A Customer Note, such as a dog's name, may be added by ___.
A. Editing the Individual Account
B. Entering it in Add Notes in the Customer's Account
C. Either A or B
D. Entering the Note on an Invoice

_____ 6.17. A Sales Discount is calculated ___ sales tax.
A. Before
B. After
C. Before or After
D. None of the above

_____ 6.18. When a customer returns an item from a Cash Sale, a(n) ___ is completed.
A. Return Receipt
B. Credit Memo
C. Invoice
D. Sales Receipt

_____ 6.19. To record a customer sale and the customer payment on different dates, you prepare a(n) ___ form.
A. Invoice
B. Receive Payments
C. Sales Receipt
D. Both A and B

_____ 6.20. The Sales Tax Center must be set up to include the ___.
A. Sales Tax Rate
B. Name of the Sales Tax
C. Agency collecting the Sales Tax
D. All of the above

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

6.21. What business forms may be customized? _____, _____, _____.

6.22. The method of inventory valuation in QuickBooks Online is _____.

6.23. A Delayed Charge is converted into a(n) _____.

6.24. The three types of discounts available for use in a company are _____, _____, and _____.

6.25. When a product (Dog Beds for example) is sold in Your Name's Beach Barkers, the three accounts used in the Journal are _____, _____, and _____.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

6.26. What was the amount of sales tax charged on Katie Wilson's Sales Receipt #1048? _____

6.27. What document did you prepare to record the fees billed for the NSF Check from Drake Williams? _____

6.28. Refer to Invoice 1055 for Colleen Stark, what is shown for the Balance Due? _____

6.29. What was the Total Credit for Megan Ramirez on Credit Memo 1058? _____

6.30. Using the Sales by Product/Service Summary as of February 15, 2019, how many cans of Dog Food were sold? _____

6.31. What Location did you use for Sales Receipt 1067 for Eugene Fisher? _____

6.32. Prepare an Inventory Valuation Summary as of February 15, 2019. What is the total? _____

6.33. What was the amount of the payment received from Joshua Davis on February 9, 2019? _____

6.34. Prepare an Invoice List by Date report for February 1-15, 2019. What is the amount shown for the Open Balance for Anthony Hughes? (This is the amount that he currently owes.) _____

6.35. What business form did you prepare to record the payment from Dori Anderson? _____

CHAPTER 6 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

_____ 1-Prod-Svc List Ch 6
_____ 2-Inv 1053 M Ramirez Ch 6
_____ 3-Inv 1054 M Miller Ch 6
_____ 4-Inv 1055 G Gucci Ch 6
_____ 5-Inv 1056 T McCarter Ch 6
_____ 6-Inventory Val Sum Ch 6
_____ 7-Journal Ch 6
_____ 8-Inv 1053 M Ramirez Corrected Ch 6
_____ 9-CM 1057 M Miller Ch 6
_____ 10-Inv 1058 S Egkan Ch 6
_____ 11-Inv 1059 J Davis Ch 6
_____ 12-Inv List Ch 6
_____ 13-SR 1060 K Walker Ch 6
_____ 14-SR 1061 Cash Cust Ch 6
_____ 15-SR 1062 K Wilson Ch 6
_____ 16-SR 1063 D Sanchez Ch 6
_____ 17-RR 1064 K Wilson Ch 6
_____ 18-Rcv Pmt A Morgan Ch 6
_____ 19-Rcv Pmt J Davis Ch 6
_____ 20-Rcv Pmt T McCarter Ch 6
_____ 21-Rcv Pmt M Miller Ch 6
_____ 22-Bank Dep Ch 6
_____ 23-Inv 1065 A Morgan Ch 6
_____ 24-Cust Bal Detail Ch 6
_____ 25-Inv 1066 J Glass Ch 6
_____ 26-Rcv Pmt D Anderson Ch 6
_____ 27-Inv 1058 S Egkan Corrected Ch 6
_____ 28-SR 1067 E Fisher Ch 6
_____ 29-SR 1068 Cash Cust Ch 6
_____ 30-Inv 1069 C Stark Ch 6
_____ 31-SR 1070 C Jones Ch 6
_____ 32-SR 1071 A Nichols Ch 6
_____ 33-CM 1072 M Ramirez Ch 6
_____ 34-Inv 1073 A Hughes Ch 6
_____ 35-CM 1074 J Glass Ch 6
_____ 36-RR 1075 E Fisher Ch 6
_____ 37-Inv 1076 D Williams Ch 6
_____ 38-Rcv Pmt J Glass Ch 6
_____ 39-Rcv Pmt C Stark Ch 6
_____ 40-Rcv Pmt M Ramirez Ch 6
_____ 41-Rcv Pmt D Williams Ch 6
_____ 42-Bank Dep Ch 6
_____ 43-Inv 1077 D Williams Ch 6
_____ 44-Sales by Prod-Svc Sum Ch 6
_____ 45-Sales by Class Sum Ch 6
_____ 46-Sales by Loc Sum Ch 6
_____ 47-Cust Bal Sum Ch 6
_____ 48-Journal Ch 6
_____ 49-Trial Bal Ch 6

PAYABLES AND PURCHASES: INVENTORY, BILLS, PAYMENTS, AND DISCOUNTS

7

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

7.01. Understand transactions and recording procedures for inventory, purchases, and payables.
7.02. Prepare and edit Purchase Orders to order Inventory items.
7.03. Verify Purchase Order Settings.
7.04. Prepare and analyze the Inventory Valuation Summary report.
7.05. Establish and edit reorder points for inventory items.
7.06. Customize and prepare the Product/Service List report.
7.07. Record full and partial receipt of inventory items ordered.
7.08. Manually close a Purchase Order.
7.09. Add new vendors and inventory items.
7.10. Customize and prepare the Open Purchase Order List by Vendor report.
7.11. Record a merchandise return.
7.12. Prepare the Purchases by Product/Service Detail report.
7.13. Add and use a company credit card.
7.14. Record a Credit Card Credit.
7.15. Purchase inventory with a credit card.
7.16. Enter Bills and Vendor Credits.
7.17. Understand the use of Sales Discounts, Merchandise Discounts, and Purchase Discounts.
7.18. Record early payment discounts for inventory items and business purchases on bills.
7.19. Record a Vendor Credit for non-inventory transactions.
7.20. Customize and prepare an Unpaid Bills report.
7.21. Pay Bills with and without early payment discounts using cash, checks, or credit cards.
7.22. Write Checks to pay bills.
7.23. Record Petty Cash transactions.
7.24. Prepare reports including Inventory Valuation Summary, Bill Payment List, Vendor Balance Summary, Check Detail, Journal, and Trial Balance.

ACCOUNTING FOR PAYABLES, PURCHASES, AND INVENTORY

When a company sells inventory items, much of the accounting for purchases and payables consists of ordering and paying for the merchandise. In addition, bills for expenses and purchases incurred in the operation of the business must be paid as well. Some of the transactions will be paid for by check, credit card, and petty cash while others will be purchases on account, which will be recorded as a bill. Bills may be paid when they are received or when they are due. If a

vendor allows early payment discounts, they may be taken for merchandise (inventory items), purchases of things used in the operation of the business, and expenses of the business.

Rather than use journals, QuickBooks Online continues to focus on recording transactions based on the business document; therefore, you use the Enter Bills and Pay Bills features of the program to record the receipt and payment of bills.

When merchandise is ordered, a purchase order is prepared. When the merchandise arrives, a bill is prepared, the items on the purchase order are added to the bill, the purchase order is closed, and the value of the merchandise is added to the Inventory Asset account.

QuickBooks Online uses a Vendor List for all vendors with which the company has an account. QuickBooks Online does not refer to the Vendor List as the Accounts Payable Ledger; yet, that is exactly what it is. The total of the Vendor List/Accounts Payable Ledger will match the total of the Accounts Payable account in the Chart of Accounts/General Ledger.

As in previous chapters, corrections can be made directly on the business form, in the Vendor's Register, or within the account. New accounts, vendors, and inventory items may be added on the fly as transactions are entered. Reports illustrating vendor balances, unpaid bills, inventory valuation, purchases, among others, may be viewed, customized, printed, and exported.

TRAINING TUTORIAL AND PROCEDURES

Continue to use the Test Drive Company for practice and the fictional company, Your Name's Beach Barkers, to record purchase orders, purchases, and payments. Make payments by writing checks, using the company credit card, and using Petty Cash. In addition to recording transactions, you will also prepare several reports. Use of Your Name's Beach Barkers will continue through Chapter 8 as you explore the different facets and capabilities of QuickBooks Online.

Just as you did in previous chapters, you will enter additional transactions near the end of the chapter. These transactions are similar to the ones you entered in the Test Drive Company and in Your Name's Beach Barkers so no step-by-step instructions will be given. If you need to refer back to the chapter materials to make the entries, you should feel free to do so.

Pay careful attention to quantities, amounts, and dates as you work through the chapter. A careless error can require a tremendous amount of effort to correct.

DATES

Remember that the year used for the screenshots is 2019. Continue to use the same year that you used in Chapters 2-6, which should be the current year. In Chapters 7 and Chapter 8, the month used will be February. If QuickBooks Online inserts the current date into a transaction, be aware of this and be sure to use the date indicated in the text.

IMPORTANT NOTE

As previously stated, QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the

dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed/Horne Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text, new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/Horne** and click on the Student Download Page at the beginning of each chapter.

VERIFY PURCHASE ORDER SETTINGS—DRILL

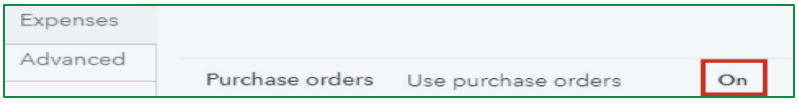
In order to prepare purchase orders, the Purchase Orders feature must be turned ON in Account and Settings. If it is not ON, the feature may be activated prior to processing your first purchase order.

DRILL

Continue to use the **Test Drive Company** and verify that Purchase Orders are ON

Click the **Gear** icon; click **Account and Settings** in the Your Company column
Click the **Expenses** tab
- If Purchase orders are Off, click the **Pen** icon, click the **Use purchase orders** check box to select, click **Save**.

Click **Done** on the Account and Settings screen
Do not close the Test Drive Company



INVENTORY VALUATION SUMMARY—DRILL

The Inventory Valuation Summary report summarizes key information for each inventory item. The information displayed is quantity on hand, value, and average cost. The report may be customized to remove footer information for Date Prepared and Time Prepared. You may also select whether to include all inventory items, active inventory items, or non-zero inventory items.

DRILL

Continue to use the **Test Drive Company** and prepare the Inventory Valuation Summary report

Access the Standard report Category **Sales and Customers**, click **Inventory Valuation Summary**
- The report is opened and displays the information As of: the current date.

- Because of the automatic date changes in the Test Drive Company, use the current date for this report.
- As you look at this report, you will find several items that do not have much inventory available. Viewing this report will help you determine which inventory items you need to order.

Craig's Design and Landscaping Services
INVENTORY VALUATION SUMMARY
As of Current Date

	SKU	QTY	ASSET VALUE	CALC. AVG
Design				
Fountains				
Pump	P461-17	25.00	250.00	10.00
Rock Fountain	R154-88	2.00	250.00	125.00
Total Fountains			**500.00**	
Total Design			**500.00**	
Landscaping				
Sprinklers				
Sprinkler Heads	S867-56	25.00	18.75	0.75
Sprinkler Pipes	S867-62	31.00	77.50	2.50
Total Sprinklers			**96.25**	
Total Landscaping			**96.25**	
TOTAL			**$596.25**	

Do not close the Test Drive Company

ESTABLISH REORDER POINTS—DRILL

QuickBooks Online Plus is the only version of QuickBooks Online that tracks inventory. Not only does the program keep track of the inventory items on hand, it allows you to enter a reorder point for inventory items. That way, when the quantity on hand reaches the reorder point, QBO will remind you to order more.

7

MEMO
DATE: Current Date

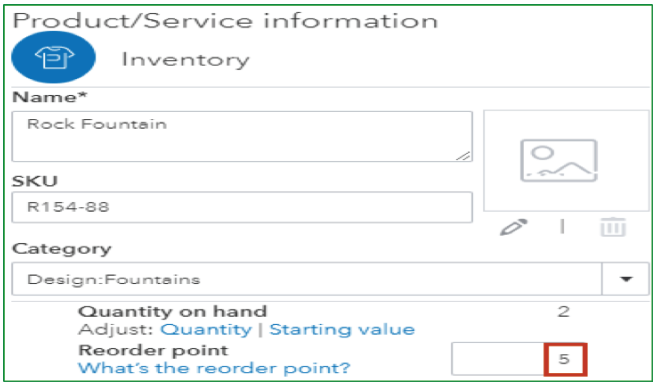
Establish Reorder points for Rock Fountains: 5, Sprinkler Heads: 25, and Sprinkler Pipes: 35.

DRILL

Continue to use the **Test Drive Company** and establish reorder points for inventory items

Open the Products/Services List as previously instructed
Click **Edit** for Rock Fountain
Enter **5** for Reorder point
Click **Save and close**
View the change in the Products/Services List

- Notice the REORDER POINT of **5** and the highlighted **2** in the QTY ON HAND columns. The highlighted number means that you need to reorder the inventory item.



NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Rock Fountain	R154-88	Inventory	Rock Fountain	275	125	✔	2	5	Edit

Repeat the steps to add Reorder Points for Sprinkler Heads and Sprinkler Pipes

NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Sprinkler Heads	S867-56	Inventory	Sprinkler Heads	2	0.75	✔	25	25	Edit
Sprinkler Pipes	S867-62	Inventory	Sprinkler Pipes	4	2.50	✔	31	35	Edit

Do not close the Test Drive Company

CUSTOMIZE THE PRODUCT/SERVICE LIST REPORT—DRILL

In addition to viewing the Product/Services List, you may customize the Product/Service List Report to include a column for the Reorder Point in the report.

DRILL

Continue to use the **Test Drive Company** and customize the Product/Service List report

Open **Reports**; scroll to the **Sales and Customers** category, click **Product/Service List**
With the report on the screen, click the **Gear** icon in the report (next to the Export icon)
Click **Show More**, click in the check box for **Reorder Point** to select
Click outside the Settings screen

- The report will be displayed with a column for Reorder Point. Note the Reorder Point for the Rock Fountain, Sprinkler Heads, and Sprinkler Pipes.

Craig's Design and Landscaping Services
PRODUCT/SERVICE LIST

PRODUCT/SERVICE	TYPE	DESCRIPTION	PRICE	COST	QTY ON HAND	REORDER POINT
Design:Design	Service	Custom Design	75.00			
Design:Fountains:Concrete	Service	Concrete for fountain installation	0.00			
Design:Fountains:Pump	Inventory	Fountain Pump	15.00	10.00	25.00	
Design:Fountains:Rock Fountain	Inventory	Rock Fountain	275.00	125.00	2.00	5.00
Design:Lighting	Service	Garden Lighting	0.00			
Design:Rocks	Service	Garden Rocks				
Design:Services	Service					
Landscaping:Gardening	Service	Weekly Gardening Service	0.00			
Landscaping:Hours	Service					
Landscaping:Installation	Service	Installation of landscape design	50.00			
Landscaping:Maintenance & Repair	Service	Maintenance & Repair	0.00			
Landscaping:Sod	Service	Sod				
Landscaping:Soil	Service	2 cubic ft. bag	10.00	6.50		
Landscaping:Sprinklers:Sprinkler Heads	Inventory	Sprinkler Heads	2.00	0.75	25.00	25.00
Landscaping:Sprinklers:Sprinkler Pipes	Inventory	Sprinkler Pipes	4.00	2.50	31.00	35.00
Landscaping:Trimming	Service	Tree and Shrub Trimming	35.00			
Pest Control:Pest Control	Service	Pest Control Services	35.00			
Refunds & Allowances	Service	Income due to refunds or allowances				

Do not close the Test Drive Company

PURCHASE ORDERS—DRILL

Using the Purchase Order feature helps you track your inventory. When items on a purchase order are received, the purchase order is marked Closed. In essence, a purchase order (PO) is a document you send to a vendor that states your intent to purchase products. Purchase details

including quantities and prices are included on the purchase order. When the vendor accepts your PO, you have an agreement to receive the products ordered. QuickBooks Online Plus is the only version of QuickBooks Online that has the ability to use Purchase Orders and to track inventory.

MEMO
DATE: Current Date

After reviewing the Product/Service List report, you decide to prepare a Purchase Order for 5 Rock Fountains $125 each from Tania's Nursery.

You are also ordering 100 Sprinkler Heads 75¢ each and 10 Sprinkler Pipes $2.50 each from Norton Lumber and Building Materials.

DRILL

Continue to use the **Test Drive Company** and prepare Purchase Orders

Click the **Plus** icon, click **Purchase Order** in the Vendors column
Click the drop-down list arrow for Choose a vendor, click **Tania's Nursery**
Because of the automatic date changes in the Test Drive Company, use the **Current Date**
If **Category details** is expanded, click the title to collapse that section on the Purchase Order
If Item details is not expanded, click the title **Item details** to expand

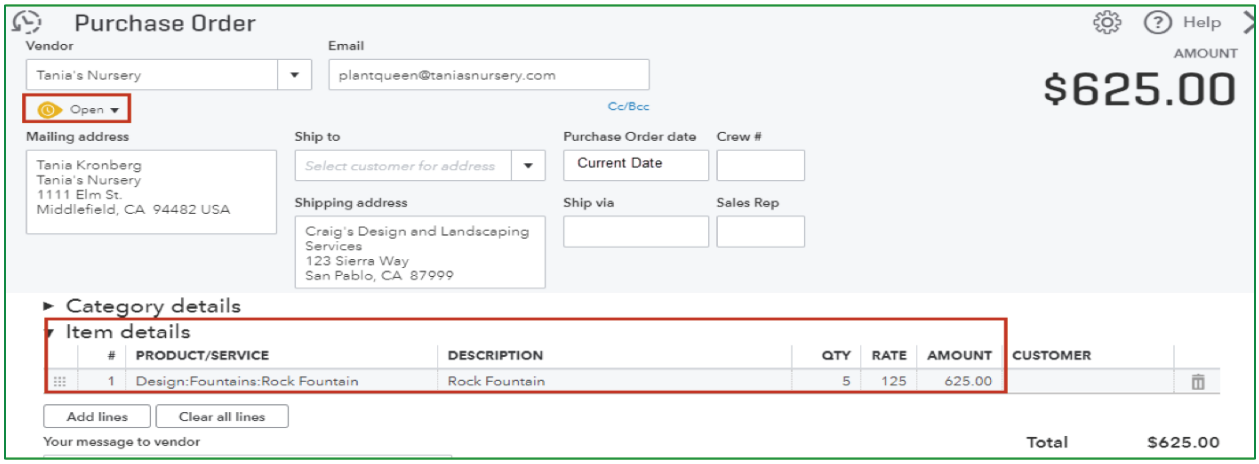
- Remember, Category details is used to record the purchases of things used in the operation of the business. Item details is used to record the purchases of products/ items you sell.
- If you see Category or Item details for a previous Purchase Order, delete it. To do this, click the **Trash can** icon at the end of Line 1 or click **Clear all lines**.

Complete Line 1 of Item details:
Click in the PRODUCT/SERVICE column for Item details
Click the drop-down list arrow; click **Rock Fountain** in the Item List shown
Point to QTY for Rock Fountain and view the pop-up message

- Notice the Qty on hand and the Reorder point are shown. The bright yellow warning for LOW is next to Qty on hand.

Click in the text box for **Qty** and enter **5** for the number of fountains, press **Tab**

- Notice that just below the Vendor's Name you will see that the Purchase Order is marked **Open**.



7

Click **Save and new**

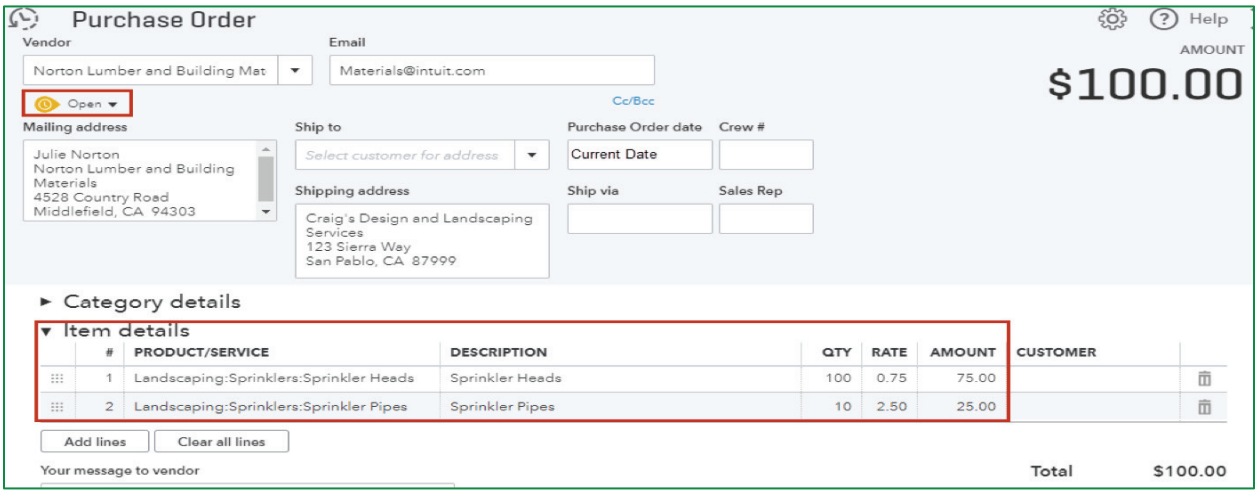
To prepare the second Purchase Order, click the drop-down list arrow for Vendor, click **Norton Lumber and Building Materials**

Complete the purchase order using the information provided in the Memo

- You may see Item details information for a previous Purchase Order. If so, delete the 8 Fountain Pumps and the 1 Rock Fountain. Click the **Clear all lines** button beneath the Item details section.

As you complete the Purchase Order, tab or click in the text box for QTY for Sprinkler Heads column and notice the pop-up message: Qty on hand 25 and Reorder point 25.

- When you point to the QTY text box for Sprinkler Pipes, you will see 31 on hand and a reorder point of 35.



Click **Save and close**

If you get a blank Purchase Order, close it

Do not close the Test Drive Company

RECEIVE ITEMS ORDERED—DRILL

When you receive the merchandise ordered on the Purchase Order, a Bill is prepared, and the Purchase Order information is added to it. Once everything on order is received, the Purchase Order is closed. If you only receive part of the merchandise ordered, a Bill is prepared and the items received are recorded. The Purchase Order remains open until everything is received or until the Purchase Order is closed manually.

MEMO

DATE: Current Date

Received the 5 Rock Fountains $125 each ordered on Purchase Order 1005 from Tania's Nursery.

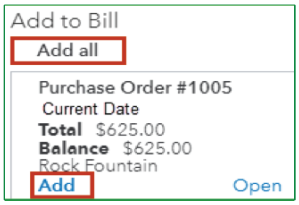
Received the 100 Sprinkler Heads 75¢ each from Norton Lumber and Building Materials, Purchase Order 1006. The 10 Sprinkler Pipes $2.50 each are out of stock and will be delivered at a later date.

DRILL

Continue to use the **Test Drive Company** and record the receipt of inventory items

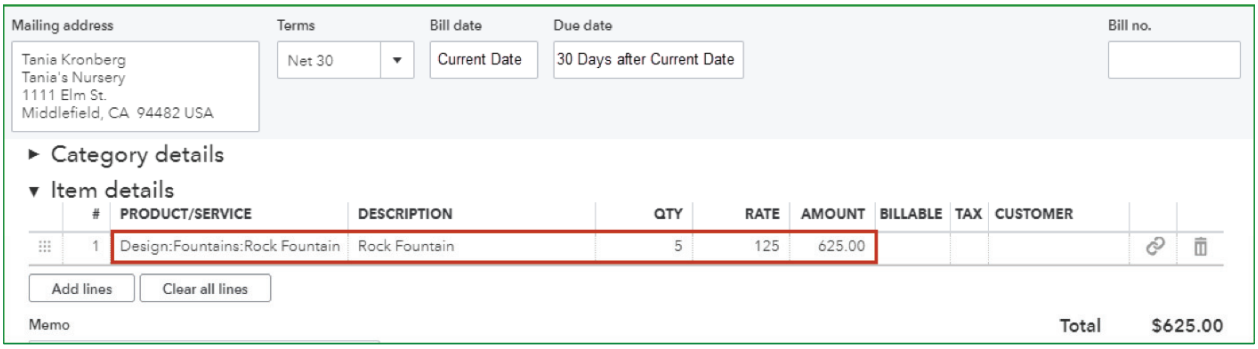
Click the **Plus** icon, click **Bill** in the Vendors column
Click the drop-down list arrow for Choose a vendor
Click **Tania's Nursery**

- The information for Tania's Nursery is inserted into the bill. Because Terms have not been entered, the current date is inserted for the Bill date and the Due date. An Add to Bill pane appears on the right-side of the bill.



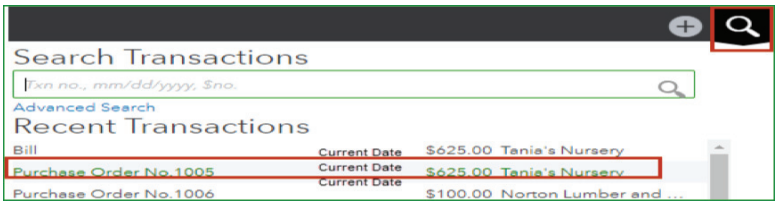
Click the drop-down list for Terms, click **Net 30**
Click either **Add** or the **Add all** button to add the information for Purchase Order 1005 to the bill

- Note: If the Add to Bill pane does not show, exit the Bill; then Open Purchase Order 1005 and click the **Copy to Bill** button on the PO. The Copy to Bill button is next to the Amount of $250.00 in the upper-right portion of the Purchase Order.



Click **Save and close**
Click the **Search** icon next to the Plus icon
Click **Purchase Order No. 1005**

- Notice that the Purchase Order is marked *Closed* and is Linked to a Bill.


Search Transactions
Txn no., mm/dd/yyyy, $no.
Advanced Search
Recent Transactions
Bill Current Date $625.00 Tania's Nursery
Purchase Order No.1005 Current Date $625.00 Tania's Nursery
Purchase Order No.1006 Current Date $100.00 Norton Lumber and ...

Click the **Close** button for **Purchase Order 1005**

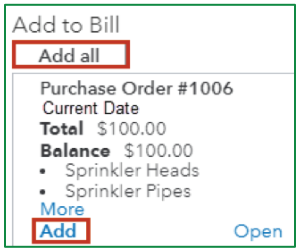
- For **Purchase Order 1006** part of the order, Sprinkler Heads, was received and the other part, Sprinkler Pipes, was not.

Click the **Plus** icon, click **Bill**
Click the drop-down list arrow for **Vendor**
Click **Norton Lumber and Building Materials**
Click the drop-down list for Terms, click **Net 30**

7

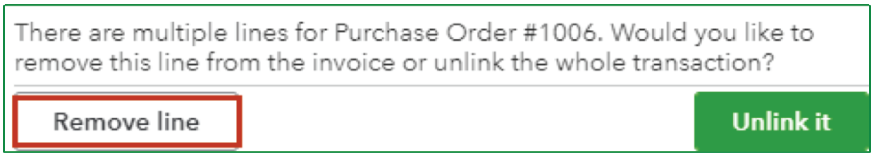
- If you have items for Pump and Rock Fountain, click the **Clear all lines** below the Item details section to remove them.
- Notice the Add to Bill pane shows Purchase Order 1006 for Sprinkler Heads and Sprinkler Pipes.

Click **Add** or **Add All** for Purchase Order # 1006

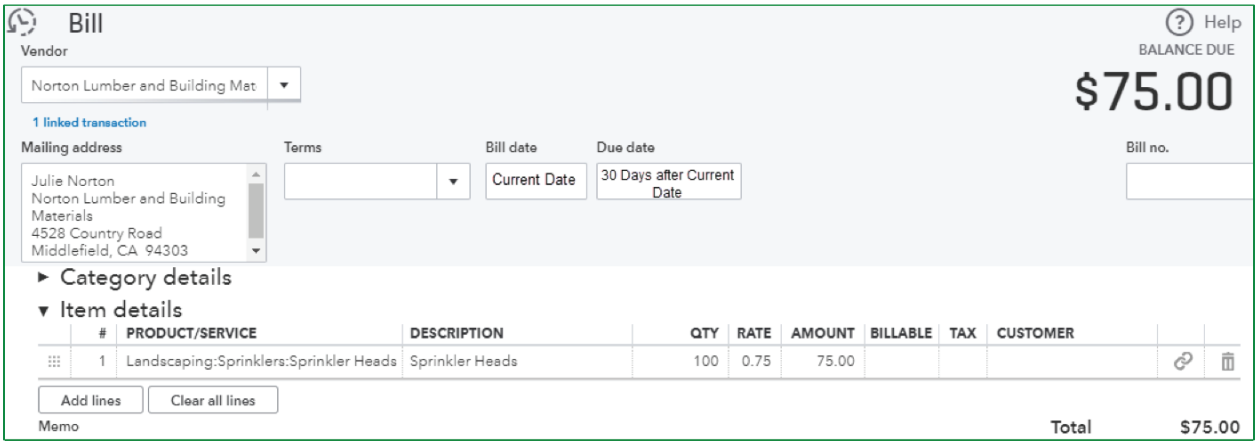


- Since none of the Sprinkler Pipes were delivered, you will remove the line in the Item details. If a partial order was received, you would change the quantity for the item to the actual number received.

Click the **Trash Can icon** on the line for Sprinkler Pipes
On the warning screen, click **Remove line**


There are multiple lines for Purchase Order #1006. Would you like to remove this line from the invoice or unlink the whole transaction?
Remove line
Unlink it

View the Bill



- Note that the line for Sprinkler Pipes does not show.

Click **Save and Close**
Do not close the Test Drive Company, continue with the next section

MANUALLY CLOSE A PURCHASE ORDER—DRILL

If you have prepared a purchase order for an item that will no longer be available, you manually close the purchase order. It is helpful to retain the purchase order in your records, so you know what you ordered and know that it is no longer available from a vendor. Because of this, you manually close a purchase order rather than delete it.

DRILL

Continue to use the **Test Drive Company** and manually close Purchase Order 1006

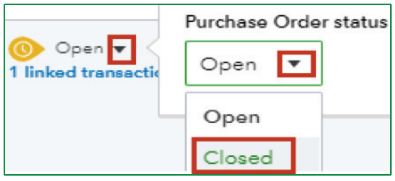
Click the **Search** icon
Click **Purchase Order 1006** for Norton Lumber and Building Materials

- Notice that Line 1 shows that 100 Sprinkler Heads were received. The Closed column has been marked with a check mark.

Click in the **CLOSED** column in the line for Sprinkler Pipes
Click in the **CLOSED** column again to insert a check mark

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	CUSTOMER	RECEIVED	CLOSED
1	Landscaping:Sprinklers:Sprinkler Heads	Sprinkler Heads	100	0.75	75.00		100	✓
2	Landscaping:Sprinklers:Sprinkler Pipes	Sprinkler Pipes	10	2.50	25.00		0	✓

Click the drop-down list arrow for **Open**
Click the drop-down list arrow on the Purchase Order status pop up, click **Closed**



- The Purchase Order status is now Closed.

Click **Save and close** for Purchase Order 1006

- If you get a message regarding a linked transaction, click **Yes**.

Close the Test Drive Company

VERIFY PURCHASE ORDER SETTINGS—DO

Using the Purchase Order feature helps you track your inventory. In order to prepare Purchase Orders, the feature must be turned ON in Account and Settings when creating a company. If Purchase Orders were not turned On when creating a company, you may turn them On prior to processing your first Purchase Order.

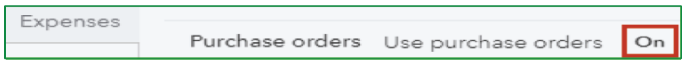
DO

Open **Your Name's Beach Barkers** and verify that Purchase Orders are On

Click the **Gear** icon, click **Account and Settings** in the Your Company column
Click the **Expenses** tab

- If Purchase orders are Off, click the **Pen** icon, click the **Use purchase orders** check box to select, click **Save**.

Click **Done** on the Settings screen
Do not close Your Name's Beach Barkers



INVENTORY VALUATION SUMMARY—DO

As you learned in the drill, the Inventory Valuation Summary report summarizes key information for each inventory item. It is important to gather information regarding the quantity on hand, value, and average cost. The report may be customized to right align or remove footer information for Date Prepared and Time Prepared. You may also select whether to include all inventory items, the active inventory items, or the non-zero inventory items.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Inventory Valuation Summary report

Access **Custom Reports**, click **Inventory Valuation Summary**

- The report is opened and displays the information As of: the current date.

Click in the text box for As of: then enter **021519**, click **Run Report**

- As you look at this report, you will find that brushes and dog beds do not have much inventory available. Viewing this report will help you determine which inventory items you need to order.

Your Name's Beach Barkers
INVENTORY VALUATION SUMMARY
As of February 15, 2019

	SKU	QTY	ASSET VALUE	CALC. AVG
Bones		331.00	662.00	2.00
Brushes		26.00	130.00	5.00
Collars		640.00	6,400.00	10.00
Dog Beds		1.00	20.00	20.00
Dog Food-Canned		413.00	1,032.50	2.50
Dog Food-Dry		394.00	2,758.00	7.00
Dog Snacks		176.00	176.00	1.00
Leashes		442.00	4,420.00	10.00
Sweaters		318.00	4,770.00	15.00
Toys & Treats		3,438.00	6,876.00	2.00
Vitamins		445.00	1,335.00	3.00
TOTAL			$28,579.50	

Print, export, and/or send/submit the report as you did in earlier chapters

- You will determine whether to use Portrait or Landscape orientation.
- If you save the report, name it **1-Your Name Inv Val Sum Ch 7**

Do not close Your Name's Beach Barkers

EDIT REORDER POINTS—DO

As you learned in the Drill, QuickBooks Online Plus is the only version of QuickBooks Online that tracks inventory. Not only does the program keep track of the inventory items on hand, it allows you to enter and edit reorder points for inventory items. That way, when the quantity on hand reaches the reorder point, QBO will remind you to order more. In the Drill, you practiced adding reorder points. When you imported your Inventory items in Chapter 2, reorder points for inventory items were also imported. After running the business for a while, it is important to evaluate inventory and, if necessary, edit reorder points.

MEMO
DATE: February 15, 2019

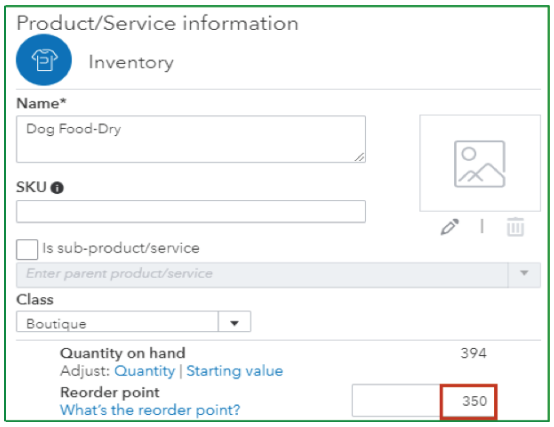
After viewing your Inventory Valuation Summary report, you decide to change some reorder points. Edit and change the Reorder Points for: Dog Food-Dry: 350; Toys & Treats: 3,450.

DO

Continue to use **Your Name's Beach Barkers** and change inventory reorder points

Open the Products/Services List as previously instructed
Click **Edit** for Dog Food-Dry

Change the Reorder point to **350**
Click **Save and close**
Repeat the steps to change the Reorder point for Toys & Treats to 3,450
View the two inventory items in the Products and Services list



- You were not selling that much Dog Food-Dry so you lowered the Reorder point. You like to have a large variety of Toys & Treats on hand, so you raised the Reorder point for the item. Note that the Quantity on Hand for Toys & Treats is highlighted (shown below). When the Qty on Hand is highlighted, you need to order merchandise.

NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Dog Food-Dry		Inventory	Dog Food-Dry		7	✓	394	350	Edit
Toys & Treats		Inventory	Toys & Treats		2	✓	3,438	3,450	Edit

Do not close Your Name's Beach Barkers

CUSTOMIZE THE PRODUCT/SERVICE LIST REPORT—DO

In addition to viewing the Product/Services List, there is a Product/Service List report available. This may be customized to include the Reorder Point as a column in the report.

DO

Continue to use **Your Name's Beach Barkers** and customize the Product/Service List report

Open **Reports**, scroll through the list of Standard reports, until you see the **Sales and Customers** category, click **Product/Service List**
With the report on the screen, click the **Gear** (Settings) icon next to the Export icon in the report
Click **Show More**, click in the check box for **Reorder Point** to select
Click outside the Settings screen
Click the **Customize** button, change the Footer as previously instructed to right align or to remove Date Prepared and Time Prepared, click **Run Report**
Click the **Save customization** button, use **Product/Service List** for the name, click **Save**

- The report will be displayed with a column for Reorder Point. Note the Reorder Points for all of the Inventory items. Notice the changes for Dog Food-Dry and Toys & Treats.

Your Name's Beach Barkers
PRODUCT/SERVICE LIST

PRODUCT/SERVICE	TYPE	DESCRIPTION	PRICE	COST	QTY ON HAND	REORDER POINT
5-Day Boarding/Training Package	Bundle	5-Day Boarding/Training Package				
Bath	Service	Bath	35.00			
Boarding	Service	Boarding	55.00			
Bones	Inventory	Bones		2.00	331.00	300.00
Brushes	Inventory	Brushes		5.00	26.00	35.00
Collars	Inventory	Collars		10.00	640.00	600.00
Day Camp	Service	Day Camp	30.00			
Dental Care	Service	Dental Care	50.00			
Dog Beds	Inventory	Dog Beds	65.00	20.00	1.00	5.00
Dog Brushing	Service	Dog Brushing	15.00			
Dog Food-Canned	Inventory	Dog Food-Canned		2.50	413.00	450.00
Dog Food-Dry	Inventory	Dog Food-Dry		7.00	394.00	350.00
Dog Snacks	Inventory	Dog Snacks	5.00	1.00	176.00	150.00
Dog Walking	Service	Dog Walking	15.00			
Home Services	Bundle	Home Services				
Hours	Service					
Leashes	Inventory	Leashes		10.00	442.00	400.00
Nails	Service	Nails	20.00			
NSF Charges	Service	NSF Charges				
Poop Scoop	Service	Poop Scoop	15.00			
Services	Service					
Sweaters	Inventory	Sweaters		15.00	318.00	300.00
Toys & Treats	Inventory	Toys & Treats		2.00	3,438.00	3,450.00
Training 1	Service	One-Hour Session	75.00			
Training 2	Service	Five One-Hour Sessions	350.00			
Training 3	Service	Ten One-Hour Sessions	650.00			
Transportation	Service	Transportation	25.00			
Vitamins	Inventory	Vitamins		3.00	445.00	400.00

Print (Landscape), export, and/or send/submit the report as you did in earlier chapters

- If you save the report, name it **2-Your Name Prod-Svc List Ch 7**

Do not close the Test Drive Company

ADD A NEW VENDOR—DO

As you learned in earlier chapters, it is easy to add a vendor at any time. You may do this by going to the Vendors list or you may add a vendor while preparing purchase orders, bills, and checks.

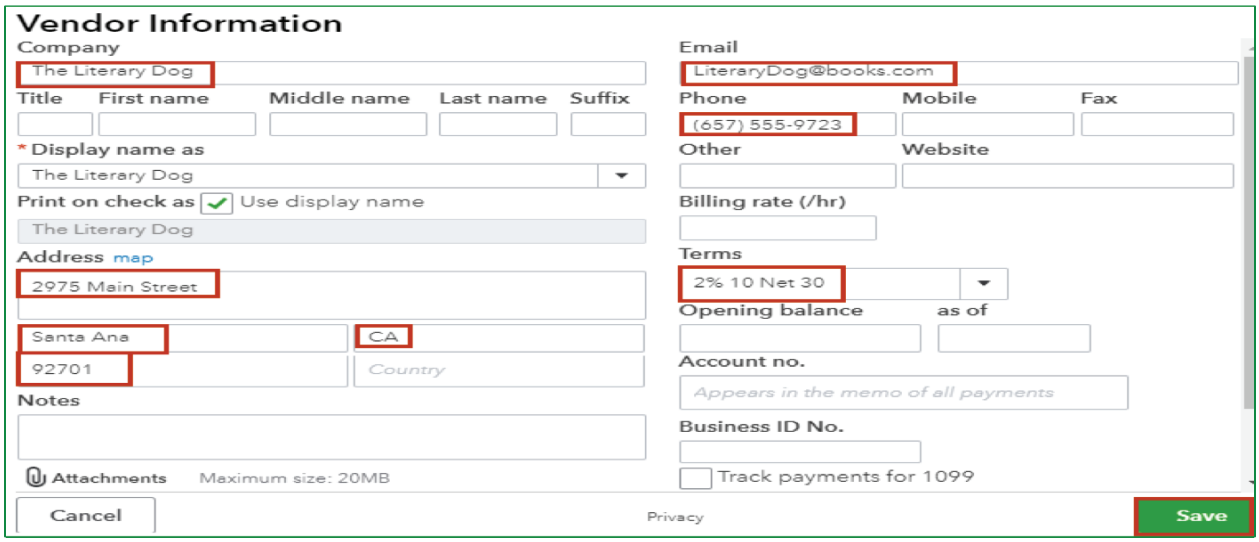
MEMO
DATE: February 16, 2019

Add a new vendor The Literary Dog, Address: 2975 Main Street, Santa Ana, CA 92701, Email: LiteraryDog@books.com, Phone: 657-555-9723, Terms: 2% 10 Net 30.

DO

Continue to use **Your Name's Beach Barkers** and add a new vendor

Click **Expenses** on the Navigation bar, click the tab for **Vendors**
Click the **New Vendor** button
Enter the information in the Memo: in the appropriate fields



When the Vendor Information is complete, click the **Save** button
Do not close Your Name's Beach Barkers, continue to the next section

ADD A NEW INVENTORY ITEM—DO

In preparation for adding books to our inventory and placing an order with The Literary Dog, a new inventory item for Books must be added. This new item will be used for the purchase order that is created. Since it is a new inventory item, it does not have an opening balance.

MEMO
DATE: February 16, 2019

Add a new Inventory Item named Books, Class: Boutique, Initial quantity on hand: 0.00, As of date: 02/16/2019, Reorder Point: 200, Taxable, Sales tax category: Retail, What you sell: Taxable Retail Items, Cost: $3. Use the accounts shown by QuickBooks Online.

7

DO

Continue to use **Your Name's Beach Barkers** and add a new inventory item

Open the Products and Services list, click the **New** button, click **Inventory**
Enter the Name: **Books**
Class: **Boutique**

- While we don't track the class when purchasing an inventory item, in order to track the class for sales, the class is entered when the item is created.

Initial quantity on hand: **0.00**
As of date: **021619**

- If you accidentally enter a quantity of more than 0 and have saved Books, click **Edit** in the Products/Services List. Below Quantity on hand, you will see two Adjust areas. Click **Quantity**. On the Adjustment form, change the NEW QTY to **0**. Click **Save and close**. You will learn more about inventory corrections in Chapter 8.

Reorder point: **200**
Enter the Sales information and Purchasing information description: **Books**

- Use the accounts listed: Inventory Asset, Sales of Product Income, and Cost of Goods Sold.

Is taxable should have a check mark

- As you remember, products that you sell incur a sales tax when sold.

Sales tax category: **Retail**
What you sell: **Taxable Retail Items**
Enter the Cost: **3**
Click **Save and close**

- If you get a Closing date message, click **Yes**.

NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Books		Inventory	Books		3	✔	0	200	Edit

Do not close Your Name's Beach Barkers, continue to the next section

PURCHASE ORDERS—DO

In essence, a Purchase Order (PO) is a business form you send to a vendor that states your intent to purchase products. The details of the purchase including quantities and prices are included on the Purchase Order. When the vendor accepts your PO, you have an agreement with the company to receive the products ordered. When items on a purchase order are received, a bill is prepared, and the purchase order is marked Closed. QuickBooks Online Plus is the only version of QuickBooks Online that has the ability to use Purchase Orders and to track inventory.

MEMO
DATE: February 16, 2019

After creating the new inventory item, Books, you need to order a supply to have on hand for customer purchases. Order 250 books from The Literary Dog at $3 each.

DO

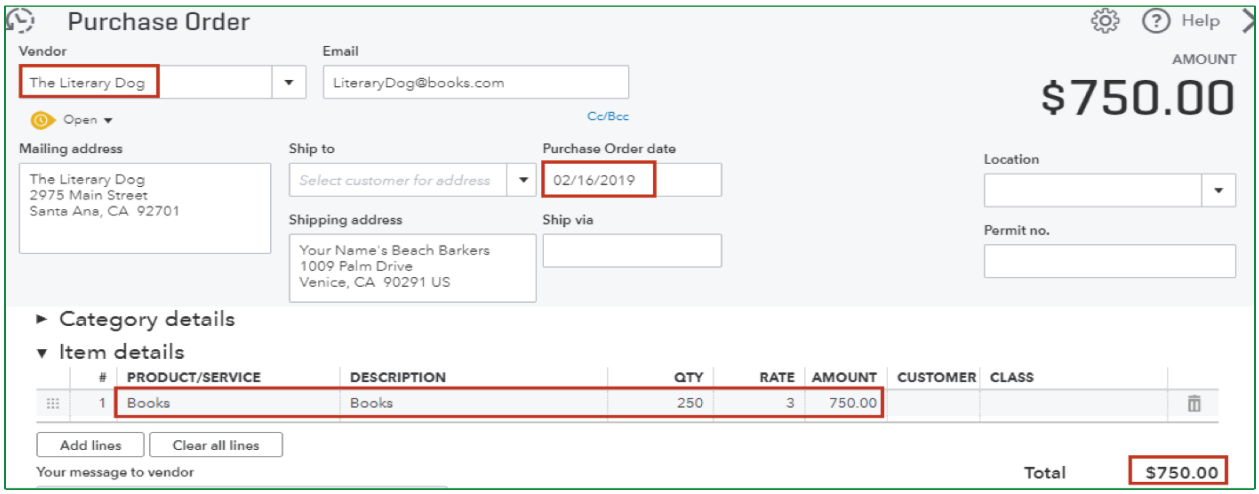
Continue to use **Your Name's Beach Barkers** and create a purchase order for Books

Click the **Plus** icon, click **Purchase Order** in the Vendors column
Click the drop-down list arrow for Choose a vendor, click **The Literary Dog**
Enter the Purchase Order date: **02/16/19**
You will see the text box for Location, leave it blank

- If a location is shown, delete it. At this time, we are not tracking the location for the inventory purchased. Rather, we will order it from the main office in Venice and stock both locations with the necessary inventory.
- If Category details is expanded, click **Category details** to collapse.
- If Item details is collapsed, click **Item details** to expand.

In Item details, complete Line 1:
Click the drop-down list arrow for PRODUCT/SERVICE, click **Books**
Tab to QTY, enter **250**, press **Tab**

- As with Location, we are only interested in tracking Classes for sales so leave the text box for Class blank. If Boutique is shown as the class, delete it.



Print and/or send the Purchase Order

- If you save the Purchase Order, name it: **3-Your Name PO 1001 Literary Dog Ch 7**

Click **Save and new**
Do not close Your Name's Beach Barkers

PREPARE ADDITIONAL PURCHASE ORDERS—DO

Additional purchase orders need to be prepared for items marked as LOW. As you look at the Products/Services List report, you will see 26 Brushes, 1 Dog Beds, and 3,438 Toys & Treats in stock. These items are below their Reorder points and need to be replenished.

7

MEMO
DATE: February 16, 2019

Prepare a Purchase Order for 25 Dog Beds $20 each from a new vendor, Pawsitively Accessories (Address: 1520 S. Broadway, Los Angeles, CA 90015, Email: PawsitivelyAccessories@dogs.com, Phone: 310-555-2925, Fax: 310-555-5292, Terms: 2% 10 Net 30.)

You are also ordering 25 Brushes from Doggie Supplies.

Bark City Toys has added a new line of toys. Order 45 Toys & Treats $2 each.

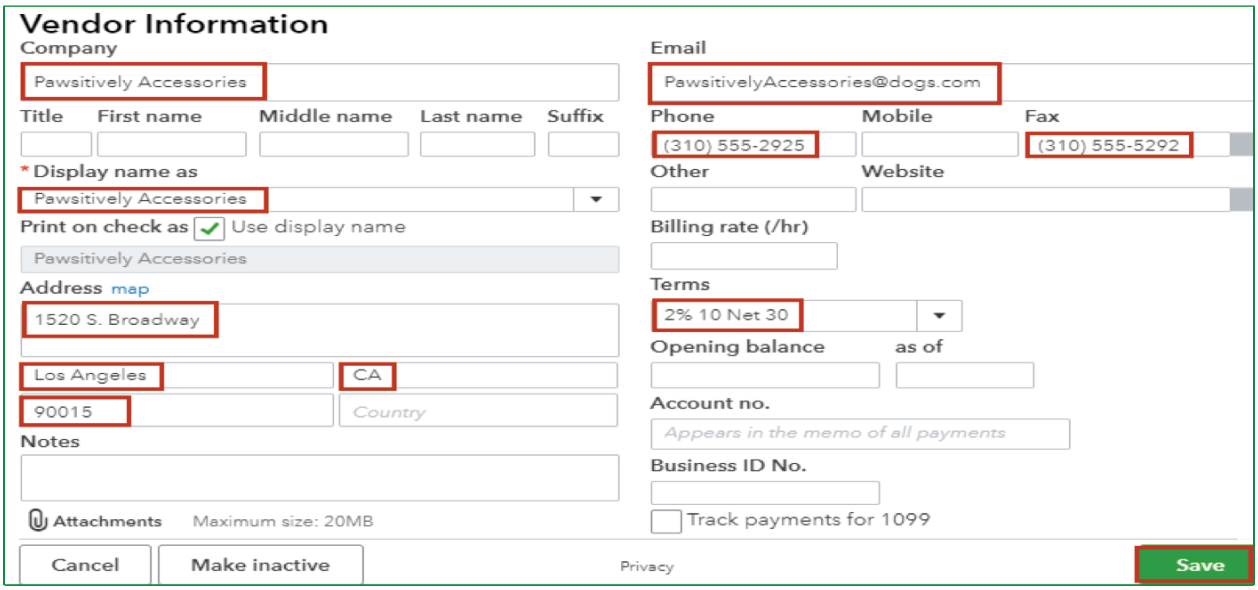
Order 35 Dog Beds $20 each from Canine Supplies.

DO

Continue to use **Your Name's Beach Barkers** and prepare Purchase Orders

On the new Purchase Order, click the drop-down list arrow for Choose a vendor, click **+Add new**
Enter the information for the new vendor:
Name: **Pawsitively Accessories**
Click **+ Details**
Remove **Pawsitively** from First name and **Accessories** from the Last name text boxes
Enter the remaining Vendor Information in the Memo to complete the addition of Pawsitively Accessories

- The Opening balance should be left blank.

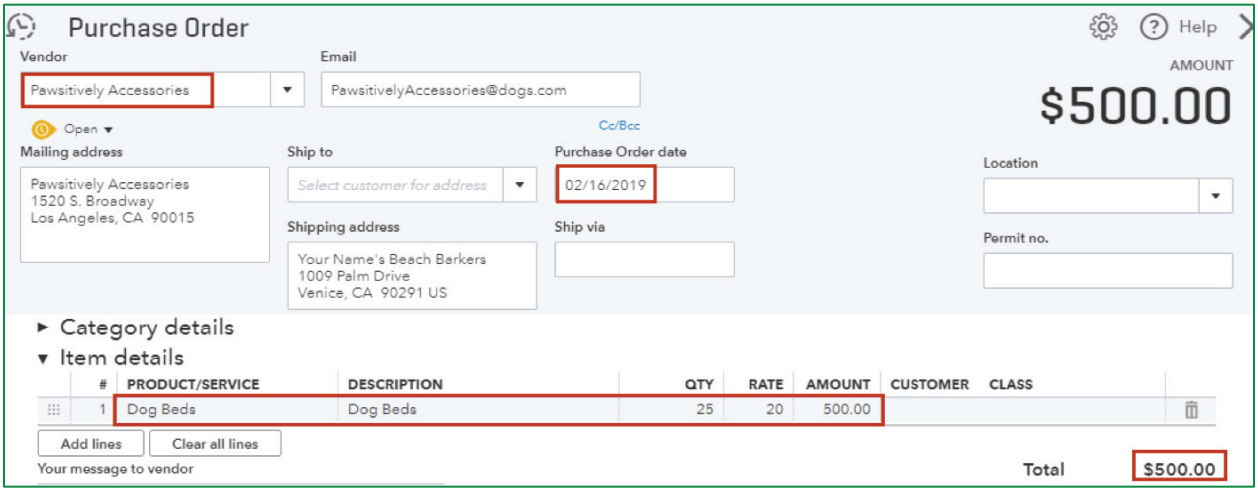


Enter the Purchase Order date **021619**

- Make sure nothing is shown for Category details. If anything is shown, click the trash can to delete the row.
- To collapse the section, click **Category details**.
- If Item details is collapsed, click **Item details** to expand.
- If your Purchase Order has a text box for Permit no. that is fine. If it does not, do not be concerned, it is not used in the text. Later in the chapter it may be removed from the screen shots shown.

Complete Item details Line 1: click in the PRODUCT/SERVICE column
Click the drop-down list arrow, click **Dog Beds** in the Item List
Tab to QTY and enter **25** for the number of dog beds, press **Tab**

- Do not forget to delete Boutique from the Class text box.



Print and/or send the Purchase Order

- If you save the Purchase Order, name it: **4-Your Name PO 1002 Pawsitively Accessories Ch 7**

Click **Save and new**
Complete the other Purchase Orders listed in the Memo

- Remember, you do not use a Location or a Class when ordering merchandise.

Print and/or send as previously instructed

Use the same naming format: **5-Your Name PO 1003 Doggie Supplies Ch 7**, **6-Your Name PO 1004 Bark City Toys Ch 7**, and **7-Your Name PO 1005 Canine Supplies Ch 7**

- Purchase Orders 1003, 1004, and 1005 are shown in printed format below.

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US
310-555-2275

Purchase Order

VENDOR
Doggie Supplies
7291 Park Avenue
San Diego, CA 92101

SHIP TO
Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US

P.O. NO. 1003
DATE 02/16/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Brushes	Brushes	25	5.00	125.00
		TOTAL		$125.00

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US
310-555-2275

Purchase Order

VENDOR
Bark City Toys
578 A Street
San Diego, CA 92101

SHIP TO
Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US

P.O. NO. 1004
DATE 02/16/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Toys & Treats	Toys & Treats	45	2.00	90.00
		TOTAL		$90.00

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US
310-555-2275

Purchase Order

VENDOR
Canine Supplies
10855 Western Avenue
Los Angeles, CA 90012

SHIP TO
Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US

P.O. NO. 1005
DATE 02/16/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Dog Beds	Dog Beds	35	20.00	700.00
		TOTAL		$700.00

When all purchase orders are complete, click **Save and close**

If you get a blank purchase order on the screen, click the **Close** button

Do not close Your Name's Beach Barkers

OPEN PURCHASE ORDER LIST BY VENDOR REPORT—DO

When you have prepared several purchase orders, it is important to review the Open Purchase Order List by Vendor report. This report provides information about all purchase orders currently open, the date of the purchase order, the PO number, any memos or descriptions, shipping information, and the amount of the purchase order. If you wish to add additional information, you may customize the report and select from among a variety of columns.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Open Purchase Order List by Vendor report

Click **Reports** on the Navigation bar, scroll to the **Expenses and Vendors** category, click **Open Purchase Order List**
Click the **CUSTOMIZE** button
Click the **Rows/Columns** section to expand
Click **Change columns**

- Scroll through the list of Available Columns and note the Selected Columns shown.

Click the check box for **PO Status** that is shown below the dividing line

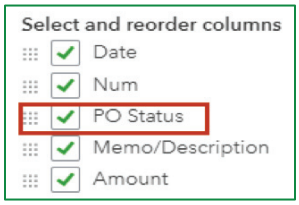
- The column is now shown above the dividing line and will be shown in the report.

Since we do not have shipping information, click the check box to remove the check for **Ship Via** in the selected columns list
Click **Open Balance** to deselect

- The Ship Via and Open Balance columns have now been moved below the dividing line.

To reorganize the order of the columns shown, point to the square of dots next to **PO Status**

When you get a four-point arrow, hold down the primary mouse button and drag until PO Status is between Num and Memo/Description



- PO Status now shows between the Num and Memo/ Description columns.

Scroll down the Customization screen
Click **Header/Footer** to expand
Either select Right Alignment for the Footer or remove the Date Prepared and the Time Prepared, then click the **Run Report** button
Click the **Save Customization** button to save the format changes
Accept the name Open Purchase Order List by Vendor, click the **Save** button
Review the report

Your Name's Beach Barkers
OPEN PURCHASE ORDER LIST BY VENDOR
All Dates

DATE	NUM	PO STATUS	MEMO/DESCRIPTION	AMOUNT
Bark City Toys				
02/16/2019	1004	Open		90.00
Total for Bark City Toys				**$90.00**
Canine Supplies				
02/16/2019	1005	Open		700.00
Total for Canine Supplies				**$700.00**
Doggie Supplies				
02/16/2019	1003	Open		125.00
Total for Doggie Supplies				**$125.00**
Pawsitively Accessories				
02/16/2019	1002	Open		500.00
Total for Pawsitively Accessories				**$500.00**
The Literary Dog				
02/16/2019	1001	Open		750.00
Total for The Literary Dog				**$750.00**
TOTAL				$2,165.00

Use Portrait orientation to print, export, and/or send/submit the report as you did in earlier chapters

- If you save the report, name it **8-Your Name Open PO List Ch 7**

Do not close the report or Your Name Beach Barker's

EDIT A PURCHASE ORDER—DO

It is possible to drill-down and get information on individual purchase orders by clicking on a PO in the report.

MEMO
DATE: February 17, 2019

You really need to order 35 brushes and cannot remember the quantity you entered for PO 1003 to Doggie Supplies.

7

DO

Continue to use **Your Name's Beach Barkers** and edit Purchase Order 1003

With the Open Purchase Order List by Vendor still open, point to any information on the line for **1003** for Doggie Supplies, when the line turns **blue**, click it

- The quantity for the Purchase Order is 25 and you want to order 35.

Click in QTY, and change the amount to **35**, press **Tab**

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US
310-555-2275

Purchase Order

VENDOR
Doggie Supplies
7291 Park Avenue
San Diego, CA 92101

SHIP TO
Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 90291 US

P.O. NO. 1003
DATE 02/16/2019

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
Brushes	Brushes	35	5.00	175.00
	TOTAL			$175.00

Print and or send the corrected Purchase Order

- If you save the Purchase Order, name it: **9-Your Name PO 1003 Doggie Supplies Corrected Ch 7**

Click **Save and close**
You are returned to the Open Purchase Order List report by Vendor

- Notice the amount of PO 1003 changed from $125 to $175.

Do not close the report or Your Name's Beach Barkers

RECEIVE ITEMS ORDERED—DO

As you practiced in the drill, when the merchandise ordered on a Purchase Order is received, a Bill is prepared, and the Purchase Order information is added to it. When all the merchandise ordered is received, the purchase order is closed by QBO. If you only receive part of the merchandise ordered, a bill is prepared, and the purchase order remains open because not everything ordered was received.

MEMO
DATE: February 18, 2019

Received all the Dog Beds ordered from Pawsitively Accessories. Record Bill 2901.
Received all the Brushes ordered from Doggie Supplies. Record Bill 987.
Received 27 of the Dog Beds ordered from Canine Supplies. Record the partial receipt (No Bill number. so leave Bill no. blank).

DO

Continue to use **Your Name's Beach Barkers** and record the receipt of inventory items

Click the **Plus** icon, click **Bill** in the Vendors column
Click the drop-down list arrow for Choose a vendor
Click **Pawsitively Accessories**

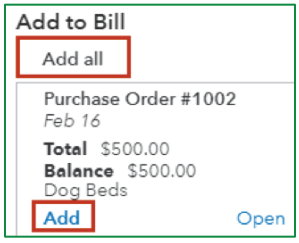
- The information for Pawsitively Accessories is inserted into the bill.

Enter the Bill date of **02/18/19**, press **Tab**

- The Terms of 2% 10 Net 30 were added to the bill automatically.

Enter the Bill no. **2901**

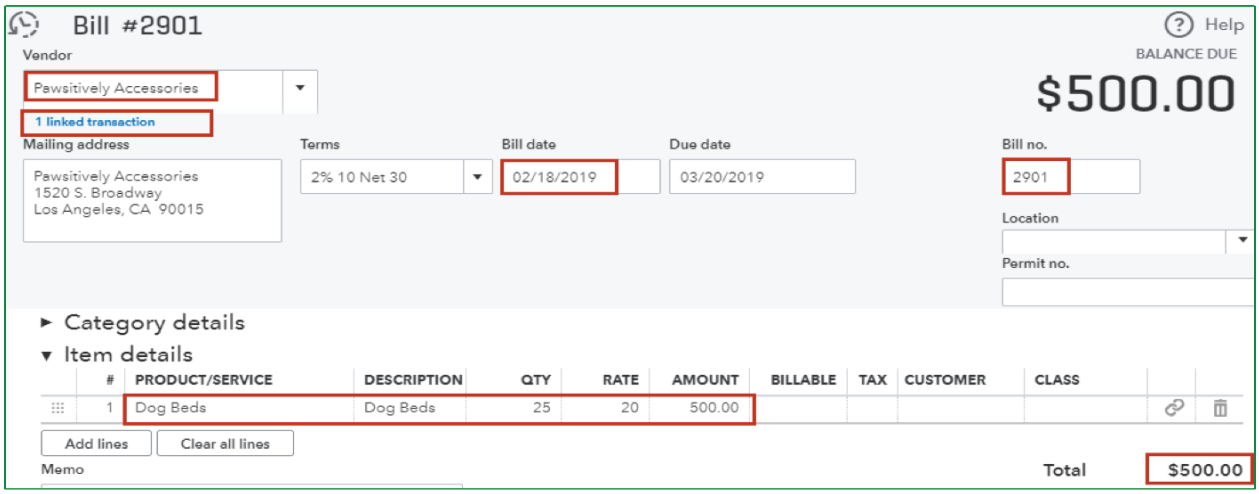
- We do not differentiate sales items between Venice and Malibu, so Location is blank.



An Add to Bill pane is shown on the right-side of the bill
Click either **Add** or the **Add all** button or the to add the information for Purchase Order 1002 to the bill

- Note: If the Add to Bill pane does not show, a work around is to exit the Bill; then Open Purchase Order 1002 and click the **Copy to Bill** button on the PO. The Copy to Bill button is next to the Amount of $500.00 in the upper-right portion of the Purchase Order.
- Notice the blue notation **1 linked transaction**. This means that the bill and the purchase order are linked together.
- Remember, Purchase Orders for merchandise that you will sell are recorded in Item details because they are inventory items.

- If Category details is expanded, click to collapse.



- Bills are not printed.

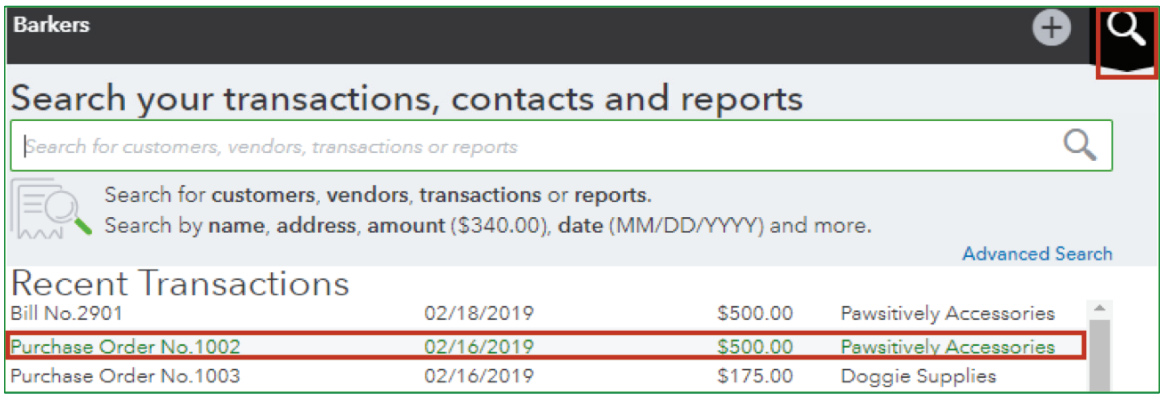
Click **Save and close**

Since you did not close the Open Purchase Order List by Vendor report, it should still be showing on the screen

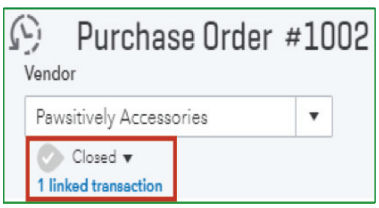
- Note that PO 1002 for Pawsitively Accessories is no longer shown.

Click the **Search** icon next to the Plus icon

Click **Purchase Order No. 1002**


Barkers
Search your transactions, contacts and reports
Search for customers, vendors, transactions or reports
Search for customers, vendors, transactions or reports.
Search by name, address, amount ($340.00), date (MM/DD/YYYY) and more.
Advanced Search
Recent Transactions
Bill No.2901 02/18/2019 $500.00 Pawsitively Accessories
Purchase Order No.1002 02/16/2019 $500.00 Pawsitively Accessories
Purchase Order No.1003 02/16/2019 $175.00 Doggie Supplies

- Notice that the Purchase Order is marked *Closed* and shows **1 linked transaction**. This means that all of the merchandise on the purchase order was received and that the purchase order and the bill are linked together.

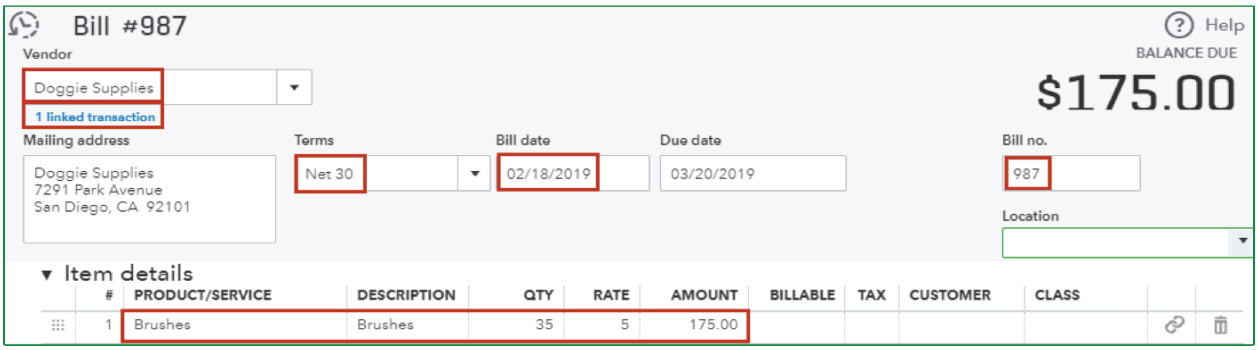


Click **Save and close** for Purchase Order 1002

Record the receipt of Bill 987 for PO 1003 Doggie Supplies

Enter the information in the Memo to record the receipt of all the brushes ordered

- In order to focus on the elements of business forms used in a transaction, blank or unused areas on the bill may not be shown.



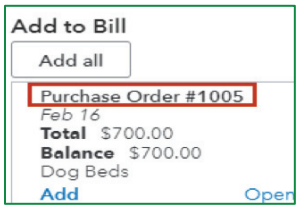
Click **Save and close**

- If the Open Purchase order List by Vendor report is still on the screen, you will no longer see PO 1003 for Doggie Supplies.

To record the next transaction, click the **Plus** icon, click **Bill**

Vendor: **Canine Supplies**

- If you get information from a previous transaction, delete the information by clicking the Clear all lines button or the trash can at the end of the line.



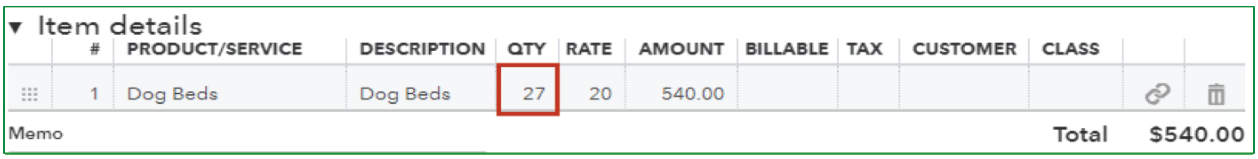
Click **Add** to link Purchase Order #1005 with the bill

- Note: If the Add to Bill pane does not show, a work around is to exit the Bill; then Open Purchase Order 1005 and click the **Copy to Bill** button on the PO. The Copy to Bill button is next to the Amount of $700.00 in the upper-right portion of the Purchase Order and appears after a purchase order has been saved.

Bill date: **02/18/19**

- You received 27 of the 35 Dog Beds on order.

Change the QTY to **27**, press **Tab**


Item details
PRODUCT/SERVICE DESCRIPTION QTY RATE AMOUNT BILLABLE TAX CUSTOMER CLASS
1 Dog Beds Dog Beds 27 20 540.00
Memo
Total $540.00

- The bill will be for a total of $540.00.

Click **Save and close**

Since you did not close the Open Purchase Order List by Vendor report, it should still be showing on the screen

Reinstate the **Open Balance** column, save the customization, use the same report name

- If you want to reinstate, add, or remove a column from the report, click the **Gear** icon on the report, click **Reorder columns**, click the appropriate column, click **Run report**, click **Save customization**, use the custom report name given or create your own name.
- Note that PO 1005 shows as Open with an Amount of $700.00 and an Open Balance of $160.00.

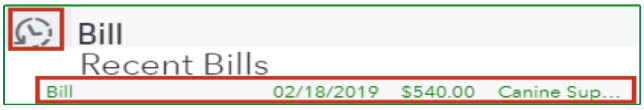
DATE	NUM	PO STATUS	MEMO/DESCRIPTION	AMOUNT	OPEN BALANCE
Canine Supplies					
02/16/2019	1005	Open		700.00	160.00
Total for Canine Supplies				$700.00	$160.00

- When you receive the backordered items, they may be entered on the same bill or a new bill may be prepared.

Even though you are **not** receiving the 8 dog beds on order, to practice entering the receipt of the backordered dog beds on the same bill, click the **Plus** icon, click **Bill** in the Vendors column

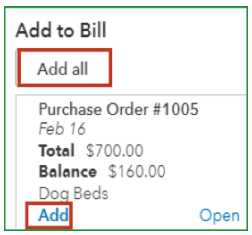
Click the Search icon on the Bills screen

Click the bill for **Canine Supplies** with a Bill date of **02/18/19**

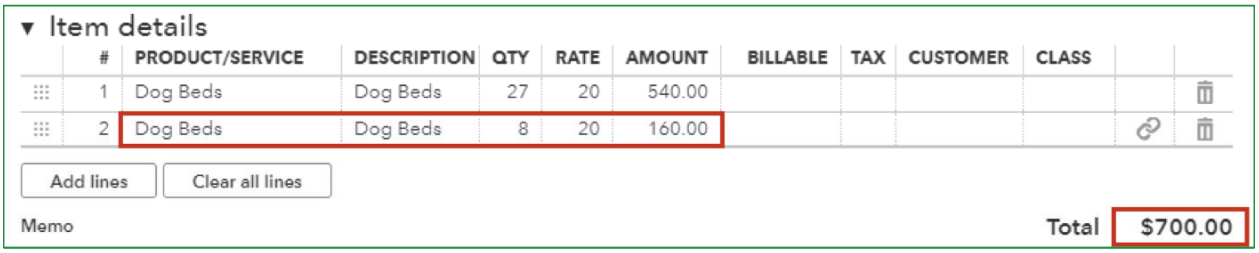


- If you have Kennel Supplies shown in Line 1 of Category details, click the **Clear all lines** button below Category details to remove it. Click Category details to collapse.
- Notice the Add to Bill pane shows Purchase Order 1005 for Dog Beds with a Total of $700.00 and a Balance of $160.

Since you received 27 Dog Beds, click **Add** or **Add All** for Purchase Order 1005 to record the receipt of the 8 remaining Dog Beds

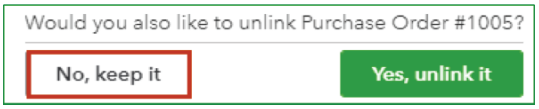


- Note: If the Add to Bill pane does not show, a work around is to exit the Bill; Open Purchase Order 1005 again; then click the **Copy to Bill** button on the PO. The Copy to Bill button is next to the Amount of $700.00 in the upper-right portion of the Purchase Order.
- The remaining 8 Dog Beds received were added to the Bill.
- If you used the work around, the total for the new bill is $160.00.


Item details
PRODUCT/SERVICE DESCRIPTION QTY RATE AMOUNT BILLABLE TAX CUSTOMER CLASS
1 Dog Beds Dog Beds 27 20 540.00
2 Dog Beds Dog Beds 8 20 160.00
Add lines
Clear all lines
Memo
Total $700.00

Since you did **not** actually receive the 8 additional Dog Beds, click the Trash Can icon for Line 2 Dog Beds with a Qty of 8; or, if you used the work around, click Cancel

On the message box asking if you want to unlink Purchase Order # 1005, click **No, keep it**



Click **Save and close**

Since you did not close the Open Purchase Order List by Vendor report, it should still be showing on the screen

- Because you did not receive the remaining 8 dog beds and deleted the row for them in the bill, note that PO 1005 shows as Open and has an Open Balance of $160.

Do not close Your Name's Beach Barkers

RECORD A MERCHANDISE RETURN—DO

When dealing with inventory items, there will be times when you may have ordered or received an incorrect inventory item; or an item arrives damaged. If this is the case, the vendor issues a credit memo to you and you record a Vendor Credit for the return of merchandise listed on the vendor's credit memo. The amount of the vendor credit is deducted from the amount owed and the merchandise is deducted from the Inventory Asset account.

MEMO
DATE: February 19, 2019

When you were unpacking the Dog Beds you received from Canine Supplies, you notice that two of them had ripped seams. Returned the 2 Dog Beds and received Credit Memo 1596 from Canine Supplies.

DO

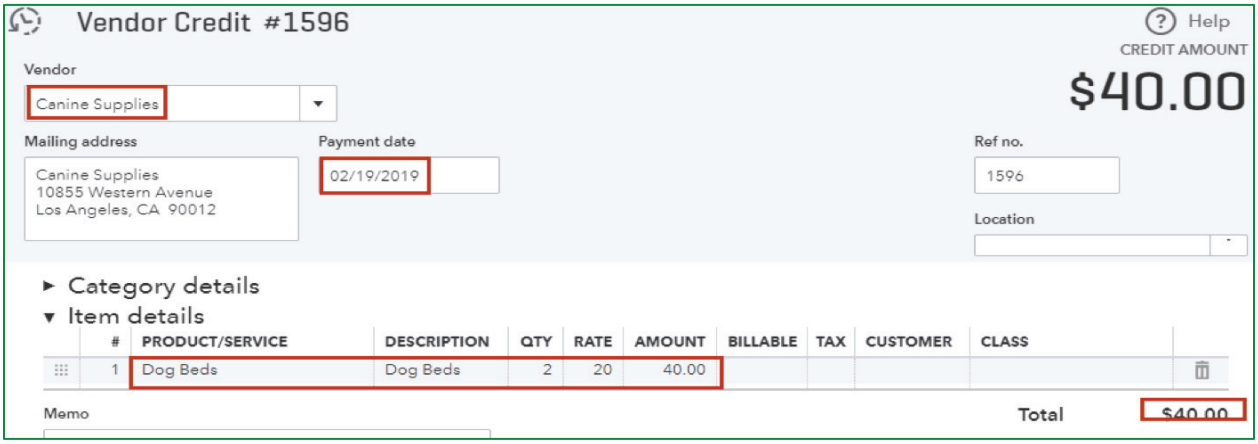
Continue to use **Your Name's Beach Barkers** and record the return of the two dog beds

Click the **Plus** icon, click **Vendor Credit** in the Vendors column
Click the drop-down list arrow for Choose a vendor
Click **Canine Supplies**
Enter the Payment date **02/19/19**
Enter Canine Supplies Credit Memo number **1596** in Ref no.

- If Category details is expanded, click to collapse.
- If Item details is collapsed, click to expand.

Complete Item details Line 1 for the return of 2 Dog Beds

- Remember to delete Boutique from the Class column.



When finished, click **Save and close**, do not close Your Name's Beach Barkers

MANUALLY CLOSE A PURCHASE ORDER—DO

If you have prepared a purchase order for an item that will no longer be available, you manually close the purchase order. It is helpful to retain the purchase order in your records, so you know what you ordered and know that it is no longer available from a particular vendor. Because of this, you manually close a purchase order rather than delete it.

MEMO
DATE: February 19, 2019

Because of a problem with the quality of the dog beds, Canine Supplies discontinued dog beds until they can get a more reliable supplier. Manually close Purchase Order 1005.

DO

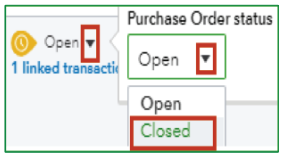
Continue to use **Your Name's Beach Barkers** and manually close Purchase Order 1005

Click the **Search** icon
Click **Purchase Order 1005** for Canine Supplies
- Notice that the Line 1 of Item details for Dog Beds shows QTY 35 and RECEIVED 27.

Click in the **CLOSED** column for Line 1
Click a second time to insert a check mark

PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	CUSTOMER	CLASS	RECEIVED	CLOSED
Dog Beds	Dog Beds	35	20	700.00			27	✓

At the top of the Purchase Order, click the drop-down list arrow for Open
Click the drop-down list arrow on the Purchase Order status pop-up
Click **Closed**



- The Purchase Order status is now Closed.

Click **Save and close**, click **Yes** if you get a message that the transaction is linked to others
Do not close Your Name's Beach Barkers

PREPARE CUSTOMIZED OPEN PURCHASE ORDER LIST—DO

To view the open purchase orders, review the Open Purchase Order by Vendor List report.

DO

Continue to use **Your Name's Beach Barkers** and prepare your Customized Open Purchase Order List by Vendor report

If you did not close the report, it will still be showing on your screen
If the report is not showing, prepare your custom **Open Purchase Order List by Vendor** report
View the two open purchase orders
- All the purchase orders that were closed by preparing a bill or closing manually will not be shown in the report.

Your Name's Beach Barkers
OPEN PURCHASE ORDER LIST BY VENDOR
All Dates

DATE	NUM	PO STATUS	MEMO/DESCRIPTION	AMOUNT	OPEN BALANCE
Bark City Toys					
02/16/2019	1004	Open		90.00	90.00
Total for Bark City Toys				**$90.00**	**$90.00**
The Literary Dog					
02/16/2019	1001	Open		750.00	750.00
Total for The Literary Dog				**$750.00**	**$750.00**
TOTAL				**$840.00**	**$840.00**

Do not close Your Name's Beach Barkers

7

PURCHASES BY PRODUCT/SERVICE DETAIL—DO

There are several reports available that assist you in managing inventory. These include Inventory Valuation Summary and Detail, Product/Service List, Purchases by Product/Service Detail, and Sales by Product/Service Summary and Detail. To group your purchases by inventory item, prepare the Purchases by Product/Service Detail.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Purchases by Product/Service Detail report

Click **Reports** on the Navigation bar, scroll to the **Expenses and vendors** category, click **Purchases by Product/Service Detail**
Enter the Date From: **020119** and To: **021919**, click **Run Report**

- You will see the bill and the quantity received or the vendor credit and the quantity returned for each item purchased.

Your Name's Beach Barkers
PURCHASES BY PRODUCT/SERVICE DETAIL
February 1-19, 2019

DATE	TRANSACTION TYPE	NUM	VENDOR	MEMO/DESCRIPTION	QTY	RATE	AMOUNT	BALANCE
Books								
02/16/2019	Inventory Starting Value	START		Books - Opening inventory and value	0.00	3.00	0.00	0.00
Total for Books					**0.00**		**$0.00**	
Brushes								
02/18/2019	Bill	987	Doggie Supplies	Brushes	35.00	5.00	175.00	175.00
Total for Brushes					**35.00**		**$175.00**	
Dog Beds								
02/18/2019	Bill		Canine Supplies	Dog Beds	27.00	20.00	540.00	540.00
02/18/2019	Bill	2901	Pawsitively Accessories	Dog Beds	25.00	20.00	500.00	1,040.00
02/19/2019	Vendor Credit	1596	Canine Supplies	Dog Beds	-2.00	20.00	-40.00	1,000.00
Total for Dog Beds					**50.00**		**$1,000.00**	
TOTAL					**85.00**		**$1,175.00**	

Change the footer as previously instructed; then print in Landscape orientation, export, and/or send/submit the report as you did in earlier chapters

- If you save the report, name it **10-Your Name Purch by Prod-Svc Detail Ch 7**

Close Your Name's Beach Barkers

ADD A COMPANY CREDIT CARD AND VENDOR—DRILL

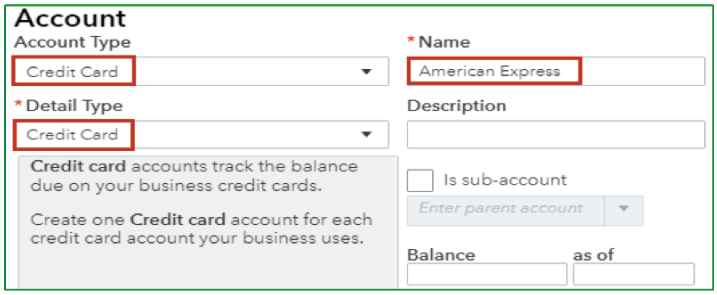
Some businesses use credit cards as an integral part of their finances. Some companies have a credit card that may be used primarily for gasoline purchases for company vehicles. Other companies use credit cards as a means of paying for expenses, purchasing inventory to sell, and purchasing merchandise or other necessary items for use in the business. In QuickBooks Online, a credit card purchase is recorded as an expense. When you pay the credit card bill, you will need to pay a vendor, so the credit card company needs to be added as a vendor.

DRILL

Open the **Test Drive Company** and add American Express as a Credit Card account and as a vendor

Open the Chart of Accounts

Scroll through the list of accounts to determine if an American Express Credit Card account has been added
Since there is not an account for American Express, click the **New** button
Account Type: **Credit Card**
Detail Type: **Credit Card**
Name: **American Express**
Verify the new account details
Click **Save and Close**
Verify the new American Express Credit Card in the Account List
Access the **Vendors** list as previously instructed
Click the **New vendor** button
Enter the American Express Information:
Company: **American Express**
Address: **12345 West Avenue**
City: **Los Angeles**
State: **CA**
ZIP: **90012**
Phone: **800-555-8155**
Click **Save**
Do not close the Test Drive Company



RECORD CREDIT CARD PURCHASE—DRILL

When a company uses a credit card to make a purchase, the transaction is recorded as an Expense.

7

MEMO
DATE: Current Date

Record the purchase of $54 of supplies from Computers by Jenni to be used immediately. The account is American Express, and the Payment method is American Express.

DRILL

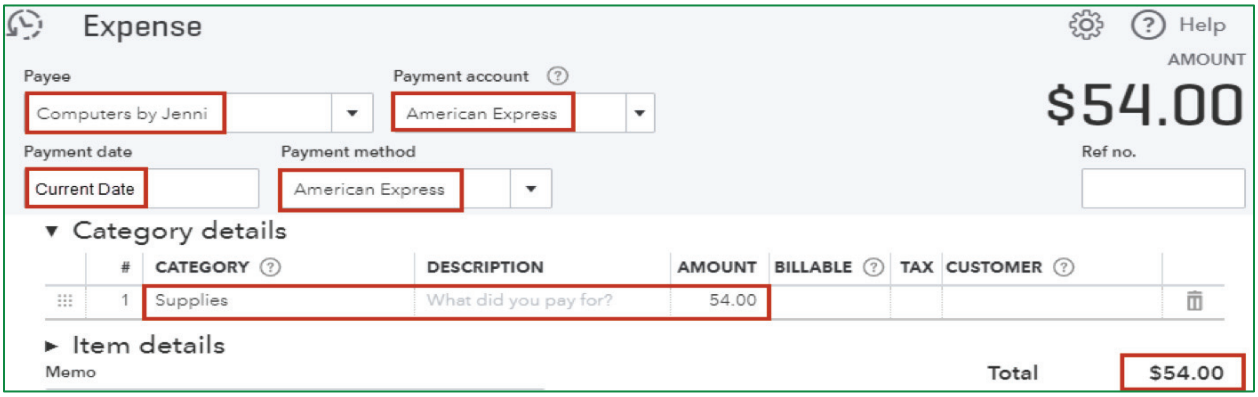
Continue to use the **Test Drive Company** to record an Expense transaction using a credit card

Click the **Plus** icon, click **Expense** in the Vendors column
Click the drop-down list arrow for Choose a payee
Click **Computers by Jenni**
- A payee is the person or company that will receive the payment.

Click the drop-down list arrow for the Payment account (Checking), click **American Express**
- If Checking is not shown, you may see one of the other payment accounts or the words *Choose an account* in the text box.

For the Payment date, use the **Current Date**
Click the drop-down list arrow for Payment Method, click **American Express**
Complete Line 1 in Category details
- Remember, the Item details section is used only when ordering inventory items for sale.

Click the drop-down list arrow for CATEGORY
Since the purchase is for supplies to be used immediately, you will select the expense account **Supplies**
Tab to AMOUNT, enter **$54**, press **Tab**



Click **Save and close**
Do not close the Test Drive Company

RECORD CREDIT CARD CREDIT—DRILL

When something has been purchased and paid for with a credit card, a return is recorded as a Credit Card Credit. This lets you know that your credit card balance and the subsequent bill will be reduced by the amount of the return.

MEMO
DATE: Current Date

Returned $10 of the supplies purchased from Computers by Jenni using an American Express credit card.

DRILL

Continue to use the **Test Drive Company** and record the Credit Card Credit for the return of supplies

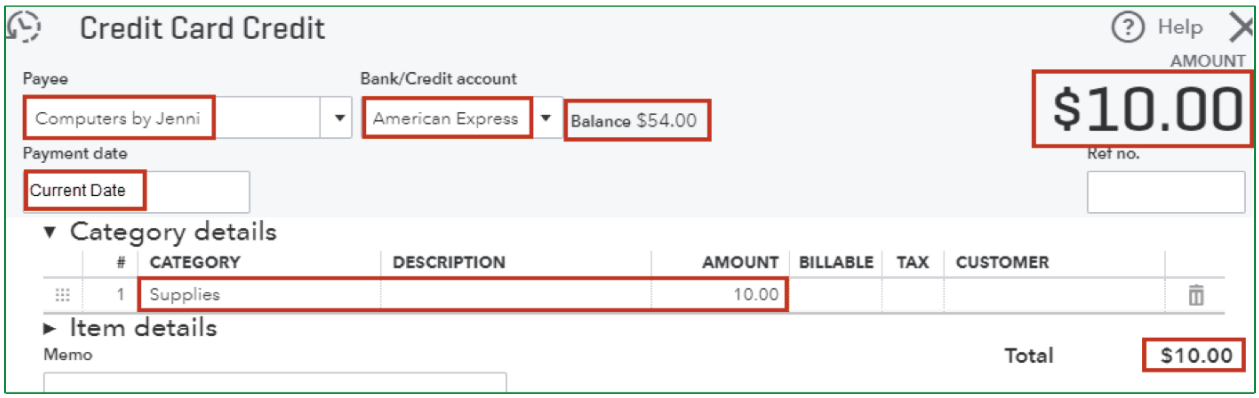
Click the **Plus** icon, click **Credit Card Credit** in the Vendors column
Click the drop-down list arrow for Choose a payee, click **Computers by Jenni**
Click the drop-down list arrow for Bank/Credit account, click **American Express**

- The Test Drive Company spells the account as Mastercard rather than MasterCard.
- You may see *Choose an account* or *Checking* rather than Mastercard.
- Note that the Balance for American Express shows $54. That is the amount of the transaction for supplies. The Balance only shows amounts for saved entries.

Leave the Payment date as the Current Date

- If necessary, expand the Category details area.

Complete Line 1:
Account: **Supplies** (This is the Expense account)
Amount: **10**



Click **Save and new**

- On the blank Credit Card Credit screen, you will still see American Express for the Account. Notice the Balance of $44.00. This proves that the $10 of the credit was deducted from the amount owed to American Express.

- Sometimes the balance of the American Express account will be shown next to the text box for Bank/Credit account; and, other times, it will not. Do not be concerned if the balance is not shown.

Close the Credit Card Credit screen, do not close the Test Drive Company

PURCHASE INVENTORY WITH A CREDIT CARD—DRILL

You may purchase inventory and pay for it using a credit card. Using a credit card to purchase inventory can be entered in several ways. If you prepare a PO for the purchase, you record the receipt of the inventory on a Bill, as you did earlier in the chapter. Or, you may record the receipt of the inventory on an Expense form by adding the PO to the Expense rather than to a Bill. A third way to purchase inventory using a credit card is to record the purchase directly on the Expense form without preparing a Purchase Order.

7

MEMO
DATE: Current Date

Purchased 3 Rock Fountains $125 each from Tania's Nursery. Pay with American Express.

DRILL

Continue to use the **Test Drive Company** and record the Credit Card purchase of inventory items

Click the **Plus** icon, click **Expense** in the Vendors column
Click the drop-down list arrow for Choose a payee, click **Tania's Nursery**

- If you get a message asking *Do you want to prefill this expense and overwrite your entries using values from this contact's last expense?,* click **No**.
- If any previous information has been entered in Category details, click **Clear all lines**.

Payment account (shown next to Payee): **American Express**
Payment Date: **Current Date**
Payment method: **American Express**

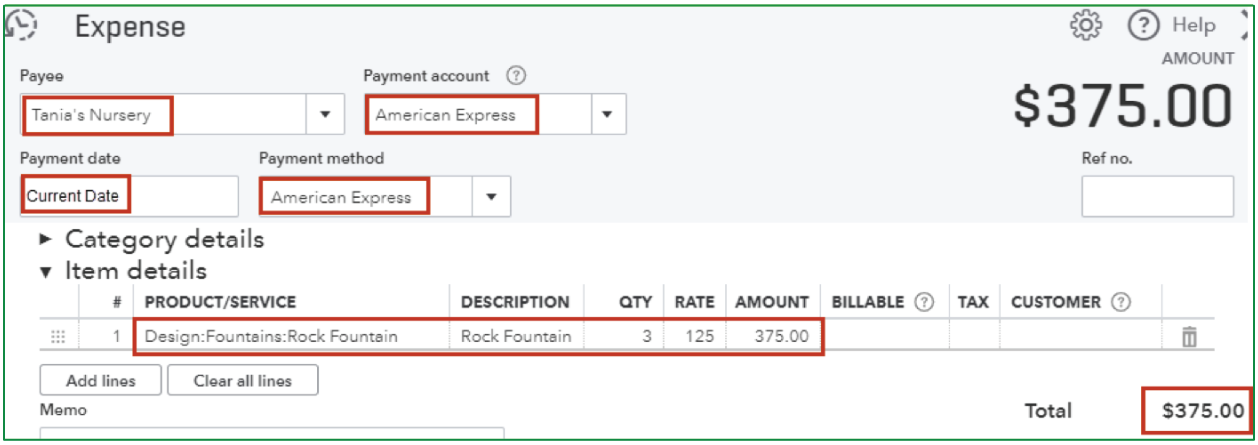
- Sometimes the balance of the American Express account will be shown next to Payment account text box; and, other times, it will not. Do not be concerned if the balance is not shown.
- If necessary, collapse Category details and then expand Item details.

Click in the PRODUCT/SERVICE text box in Line 1 of Item details

- Remember, Item details is used when you are purchasing inventory items.

Click the drop-down list arrow, click **Rock Fountain**
Change the QTY to **3**, press **Tab**

- The total of $375 is inserted. There is no sales tax on an item you purchase to sell.



Click **Save and close**
To verify that the quantity of Rock Fountains was increased, open the **Products and Services List**
In the Action column, click the drop-down list arrow for Rock Fountain, click **Run report**

- You will see a Product/Service QuickReport for Rock Fountain.
- Remember, the dates shown in your report will be different from the dates below.

Craig's Design and Landscaping Services
PRODUCT/SERVICE QUICKREPORT: DESIGN:FOUNTAINS:ROCK FOUNTAIN
Since November 18, 2018

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	QTY	RATE	AMOUNT	BALANCE
Inventory Asset								
01/21/2019	Check	75	Hicks Hardware	Rock Fountain	1.00	125.00	125.00	125.00
01/21/2019	Invoice	1037	Sonnenschein Family Store	Rock Fountain	-1.00	125.00	-125.00	0.00
01/21/2019	Bill		Norton Lumber and Building Materials	Rock Fountain	1.00	125.00	125.00	125.00
01/21/2019	Inventory Qty Adjust	START		Opening inventory for Rock Fountain	3.00			125.00
01/21/2019	Inventory Qty Adjust	START		Opening inventory for Rock Fountain	3.00	125.00	375.00	500.00
01/21/2019	Invoice	1036	Freeman Sporting Goods:0969 Oce...	Rock Fountain	-1.00	125.00	-125.00	375.00
01/21/2019	Invoice	1035	Mark Cho	Rock Fountain	-1.00	125.00	-125.00	250.00
02/16/2019	Expense		Tania's Nursery	Rock Fountain	3.00	125.00	375.00	625.00
Total for Inventory Asset							$625.00	

Partial Report

Close the Test Drive Company

ADD A COMPANY CREDIT CARD AND VENDOR—DO

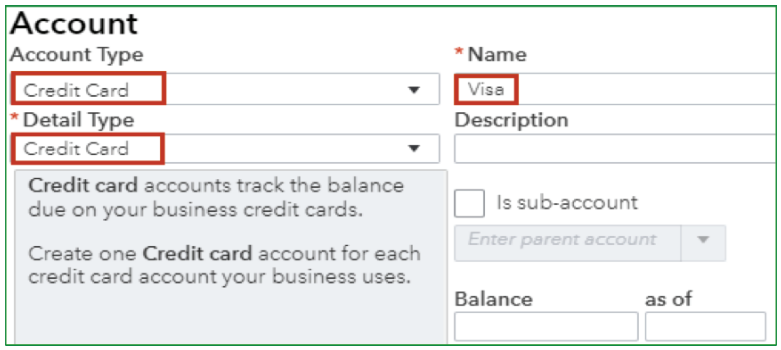
As you just practiced, credit cards may be used as a means of paying for expenses, purchasing inventory to sell, or purchasing other necessary items used in the business. In QuickBooks Online, a credit card purchase is recorded as an expense. When you pay the credit card bill, you will need to pay a vendor. As a result of this, the credit card company needs to be added as a vendor.

DO

Open **Your Name's Beach Barkers** and add a Visa credit card account and vendor

Open the Chart of Accounts
Scroll through the list of accounts to determine if a Visa Credit Card account has been added
Since there is not an account for Visa, click the **New** button
Account Type: **Credit Card**
Detail Type: **Credit Card**
Name: **Visa**
Verify the new account details
Click **Save and Close**
Verify the new Visa Credit Card in the Account List

- Since the credit card is for something you owe, it is included between Accounts Payable and the Other Current Liabilities account types.



Access the **Vendors** list
Click the **New vendor** button
Enter the Visa Information:
Company: **Visa**
Address: **9501 Los Angeles Avenue**
City: **Los Angeles**
State: **CA**
ZIP: **90012**
Phone: **800-555-9925**
Click **Save**
Do not close Your Name's Beach Barkers

RECORD CREDIT CARD PURCHASE—DO

When a company uses a credit card to make a purchase, the transaction is recorded as an Expense.

MEMO
DATE: February 19, 2019

You need to have printer toner cartridges on hand, purchased 5 at $40 each, plus tax for a total of $216.00 from Super Office. Pay for the purchase with the company Visa.

DO

Continue to use **Your Name's Beach Barkers** and record an Expense transaction using a credit card

Click the **Plus** icon, click **Expense** in the Vendors column
Click the drop-down list arrow for Choose a payee

Click **Super Office**

- A payee is the person or company that will receive the payment.
- If nothing were shown in the Payment account text box next to Payee, you would see Choose an account. Usually, you see one of your acceptable payment methods in this text box. These include: Checking, Petty Cash, and Visa. Simply click the drop-down list arrow and select the payment method of choice.

Click the drop-down list arrow for Payment account, and click **Visa**
For the Payment date, enter **02/19/19**
Click the drop-down list arrow for Payment Method, click **Visa**

- If shown, notice that the Balance is $0.00. This is the first time the credit card is being used.

Complete Line 1 in Category details

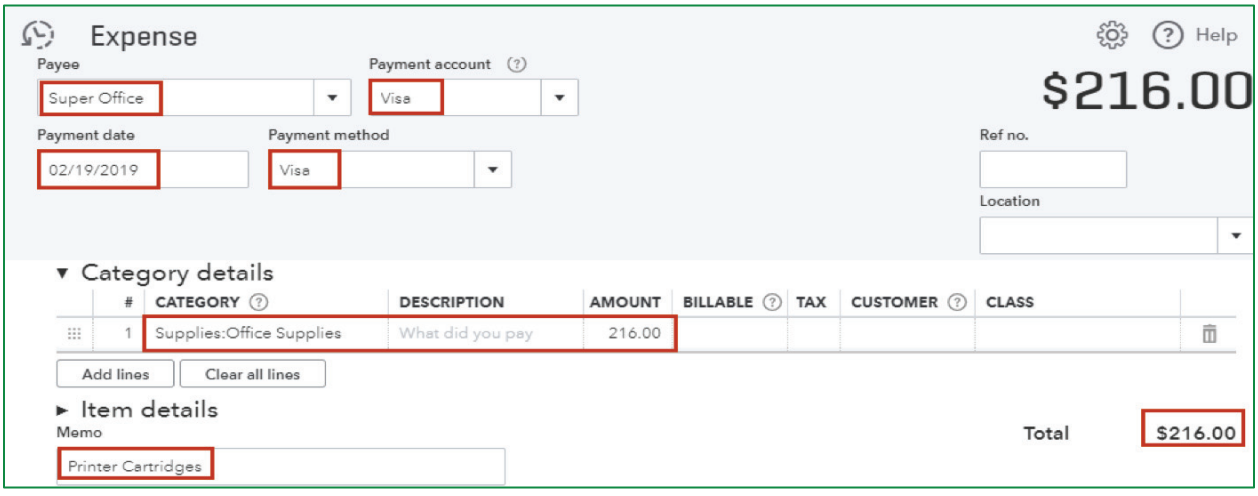
- Remember, the Item details section is used only when ordering inventory items for sale.
- If there is any information shown for Category details, click the **trash can** icon at the end of each line of information, or click the **Clear all lines** button below the section.

Click the drop-down list arrow for CATEGORY
Since the purchase is for supplies to have on hand, you will select the Asset account: **Office Supplies**
Tab to AMOUNT, enter **216**, press **Tab**

- Do the math: 5 cartridges * 40 each = 200; multiply the cost by the 8% tax: 200 * .08 = $16 tax. Add the cost plus the tax: $200 + 16 = $216 (or 200 * 1.08 = 216 to calculate the cost and include the tax all at the same time).
- When you purchase something and record an expense or a bill, you enter the total amount due. You do not enter separate quantities or tax information.

Tab to or click in Memo, delete any existing Memo and enter: **Printer Cartridges**

- Clicking the Clear all lines button only clears the lines for Category or Item details, it does not clear the Memo.



Click **Save and close**
Do not close Your Name's Beach Barkers

RECORD CREDIT CARD CREDIT—DO

When a credit card purchase is returned, a Credit Card Credit is recorded. This indicates that your credit card balance and the credit card bill will be reduced by the amount of the return.

MEMO
DATE: February 19, 2019

Received 1 of the printer cartridges that was the wrong color, $43.20. Record the return for the Visa purchase from Super Office.

DO

Continue to use **Your Name's Beach Barkers** and record the Credit Card Credit for the return of supplies

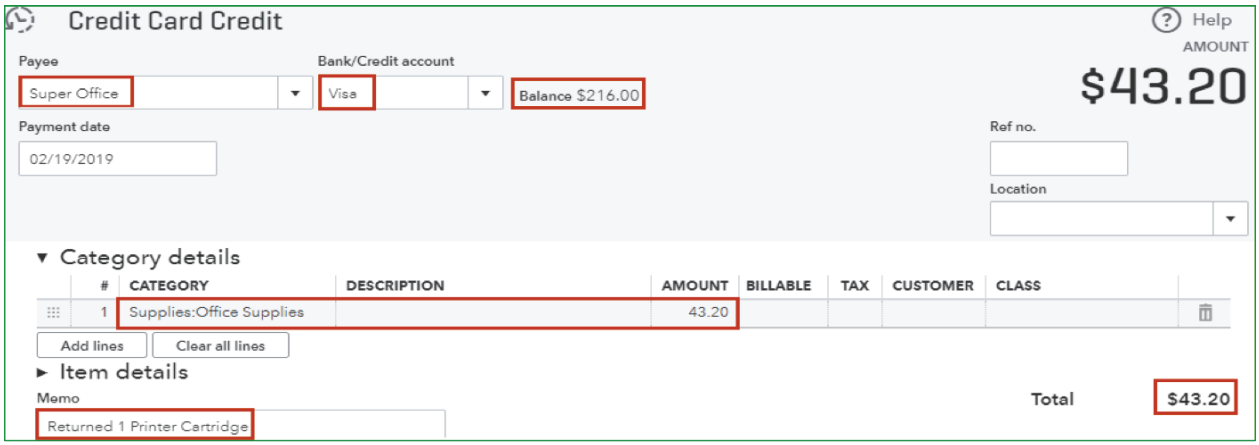
Click the **Plus** icon, click **Credit Card Credit** in the Vendors column
Click the drop-down list arrow for Choose a payee, click **Super Office**
If Visa is not shown, click the drop-down list arrow for Bank/Credit account, click **Visa**

- Note that the Balance shows $216.00. That is the amount of the transaction for the printer cartridges. If the balance for Visa is not shown, do not be concerned.

Payment date: **02/19/19**

- If necessary, expand the Category details area.

Complete Line 1:
Account: **Office Supplies**
Amount: **43.20**
Enter the Memo: **Returned 1 Printer Cartridge**



Click **Save and new**

- On the blank Credit Card Credit screen, you will still see Visa for the Account. If shown, notice the Balance of $172.80. This proves that the $43.20 of the credit was deducted from the $ 216 amount owed to Visa.

Do not close Your Name's Beach Barkers, continue with the next section

PURCHASE INVENTORY WITH A CREDIT CARD—DO

As you explored in the drill, you may purchase inventory and pay for it using a credit card. Since you have already created Bills from Purchase Orders, you will complete an Expense form to purchase inventory using a credit card without preparing a Purchase Order.

MEMO
DATE: February 19, 2019

Use the company Visa to purchase 50 cans of a new line of organic Dog Food-Canned 2.50 each from Pet Supplies Unlimited.

DO

Continue to use **Your Name's Beach Barkers** and record the Credit Card purchase of inventory items

On the open **Expense** form, click the drop-down list arrow for Choose a payee
Click **Pet Supplies Unlimited**
The Payment account is **Visa**, select if not shown
Payment Date: **021919**
Payment method: **Visa**

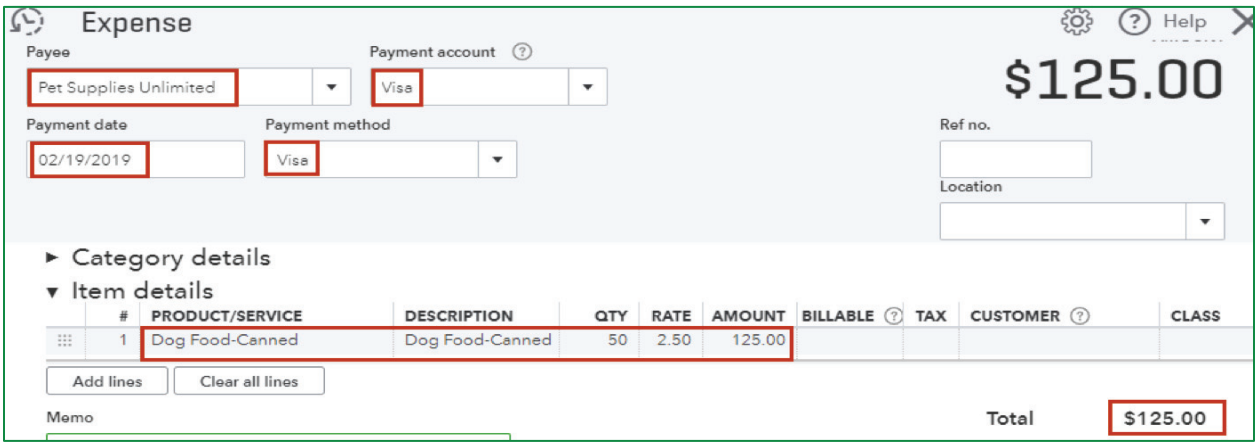
- If necessary, collapse the Category details section and expand the Item details section.

Item details Line 1: click in the PRODUCT/SERVICE text box

- Remember, the Item details section is used when you are purchasing inventory items.

Click the drop-down list arrow, click **Dog Food-Canned**
Change the QTY to **50**, press **Tab**
Delete **Boutique** for the Class

- The total of $125 is inserted. There is no sales tax on an item you purchase to sell.



Click **Save and new**

- The balance for the Visa account may or not be shown. If it is, the Balance for your Visa card will be $297.80.

Click the **Close** button to close Expenses
To verify that the quantity of Canned Dog Food was increased, open the Products and Services List
Click the drop-down list arrow in the Action column for Dog Food-Canned, click **Run report**

- You will see a Product/Service QuickReport for Dog Food-Canned.

On the report, click the drop-down list arrow for **Report period**, click **Custom**, enter the Date From: **12/31/18** and To: **02/19/19**

Your Name's Beach Barkers
PRODUCT/SERVICE QUICKREPORT: DOG FOOD-CANNED
December 31, 2018 - February 19, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLASS	QTY	RATE	AMOUNT	BALANCE
▾ Inventory Asset									
12/31/2018	Inventory Starting Value	START		Dog Food-Canned - Opening inventory and value		485.00	2.50	1,212.50	1,212.50
02/01/2019	Invoice	1055	Gucci, Gloria	Dog Food-Canned	Boutique	-7.00	2.50	-17.50	1,195.00
02/04/2019	Sales Receipt	1061	Cash Customer	Dog Food-Canned	Boutique	-14.00	2.50	-35.00	1,160.00
02/04/2019	Sales Receipt	1063	Sanchez, David	Dog Food-Canned	Boutique	-7.00	2.50	-17.50	1,142.50
02/04/2019	Sales Receipt	1060	Walker, Kyle	Dog Food-Canned	Boutique	-14.00	2.50	-35.00	1,107.50
02/12/2019	Sales Receipt	1070	Jones, Candi	Dog Food-Canned	Boutique	-30.00	2.50	-75.00	1,032.50
02/19/2019	Expense		Pet Supplies Unlimit...	Dog Food-Canned		50.00	2.50	125.00	1,157.50
Total for Inventory Asset								$1,157.50	

Partial Report

Close Your Name's Beach Barkers

ENTER BILLS AND VENDOR CREDITS—DRILL

Whether the bill is to record amounts owed for expenses incurred in the operation of a business, for items purchased to use in the operation of the business, or for merchandise to sell in the business, QuickBooks Online provides accounts payable tracking for all vendors owed. Entering bills as soon as they are received is an efficient way to record your liabilities.

Frequently, discounts are given from vendors for purchases of merchandise and other expenses in order to inspire early payment. If a Discount Term has not been created, it may be added to the Terms List.

As in previous chapters, there are a few entries that need to be made in order to practice the drill.

7

MEMO
DATE: Current Date Add Terms 2% 10 Net 30.
Record Bill 1987 for inventory received from the Purchase Order for Tim Philip Masonry. Add the Terms of 2% 10 Net 30 to the bill.
Record a bill from Lee Advertising for an ad campaign, $500. Terms 2% 10 Net 30.
Add discount terms 2% 10 Net 30 to the original bill for $205 from Norton Lumber and Building Supplies.
Record a Vendor Credit for Norton Lumber and Building Supplies for $10 for the return of 1 Pump.

DRILL

Open the **Test Drive Company** and add terms, enter bills and vendor credits

Add Terms

Add the terms of 2% 10 Net 30

Click the **Gear** icon, click **All Lists** in the Lists column
Click **Terms**, click **New**
Name: **2% 10 Net 30**

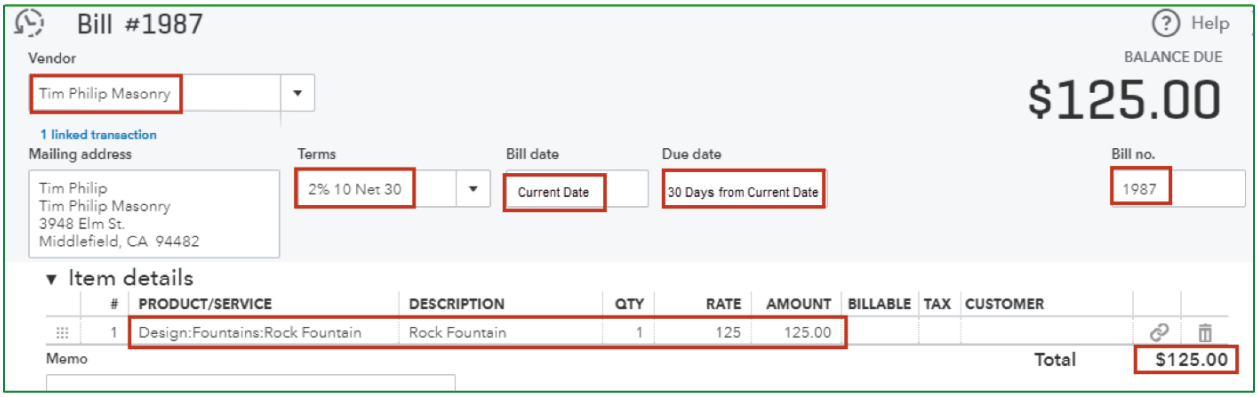
Due in fixed number of days: **30** days
Click **Apply discount if paid early** to select
For % enter **2**, press **Tab**, enter **10** for days
Click **Save**

Enter Bills

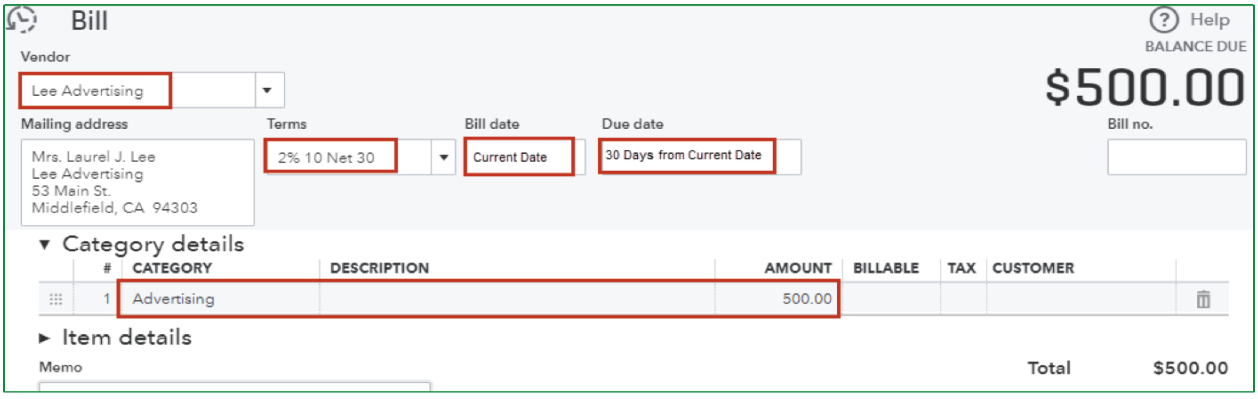
Record the bills listed in the Memo

Click the **Plus** icon
Click **Bill** in the Vendors column
Click the drop-down list arrow to select a vendor, click **Tim Philip Masonry**
Click the drop-down list arrow for Terms, click **2% 10 Net 30**
Bill Date: **Current Date**
Bill no.: **1987**
Click the **Add All** button on the Add to Bill pane

- Note: Unused areas on the bill are edited out of the screenshot when possible.



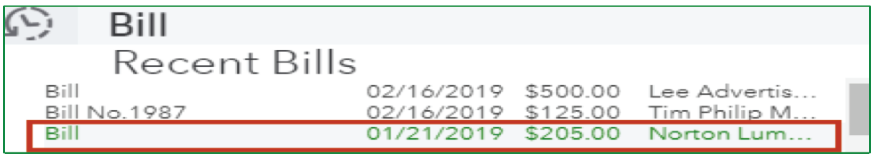
Click **Save and new**
Complete the bill from Lee Advertising using the information in the Memo



Click **Save and new**
Click the **Recent Transactions** icon at the top-left of the Bill

- Since you are on the form for Bills, this shows you the recent Bill transactions.

Click the Bill for **Norton Lumber and Building Materials** for $205


Bill
Recent Bills
Bill 02/16/2019 $500.00 Lee Advertis...
Bill No.1987 02/16/2019 $125.00 Tim Philip M...
Bill 01/21/2019 $205.00 Norton Lum...

Click the drop-down list arrow for Terms; click **2% 10 Net 30**
Click **Save and close**

- If you get a screen about linked transactions, click **Yes**.
- If you get a blank bill, click the **Close** button.

Enter Vendor Credit

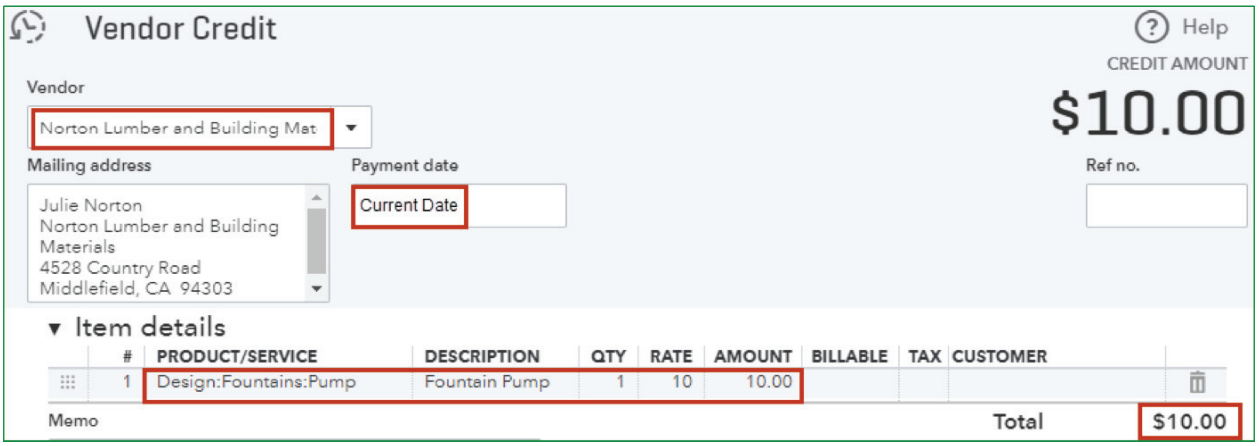
A Vendor Credit is prepared when items or merchandise purchases are returned or when a service is not used and the payment has not been made.

Record the Vendor Credit listed in the Memo

Click the **Plus** icon, click **Vendor Credit** in the Vendors column
Click the drop-down list arrow for the Vendor, click **Norton Lumber and Building Supplies**
Payment date: **Current date**

- If necessary, collapse **Category details** and expand **Item details**.

Click in the PRODUCT/SERVICE text box, click the drop-down list arrow, click **Pump**
QTY is **1**



Click **Save and close**
Do not close the Test Drive Company
Read about Discounts then continue with the drill

DISCOUNTS—READ

In Chapter 6, you allowed customers to take early payment discounts when payment was made within ten days of the purchase date. In Chapter 7, you are the customer purchasing inventory and other items that are used in running a business. The following is a recap of discounts and how they are used in the business. In this chapter you will be using merchandise discounts and purchase discounts.

Sales Discount is used when you give customers a discount for early payment. Typical terms for early payments are a 1% or 2% discount if paid within 10 days. Sales Discount is categorized as an Income account. Using a sales discount results in a decrease in income because the company will receive less money for a sale. Recording sales discounts was included in Chapter 6.

Merchandise Discount is used to record discounts for items purchased to resell. This discount is categorized as Cost of Goods Sold because the use of this discount results in a decrease in the amount you pay for the goods (merchandise) you sell. . In QuickBooks Online, there isn't a way to automatically record the discount as you do for invoices. As a result, you do a *work around* and add a Cost of Goods Sold subaccount for Merchandise Discounts. You manually calculate the discount amount. When recording the discount, you use the Merchandise Discounts account and enter the discount amount as a negative number directly on the bill.

Purchase Discount is a discount for early payment for expenses or purchases made to run the business. For example, you can have a discount on office supplies purchased. In QuickBooks Online, there isn't a way to automatically record the discount as you do for invoices. Instead, you do a *work around* and create an expense account for Purchase Discounts. You manually calculate the amount of the discount. When recording the discount, you use the Purchase Discounts account, and enter the amount of the discount as a negative number directly on the bill.

DISCOUNT ACCOUNTS—DRILL

In preparation for taking purchase and merchandise discounts, the Chart of Accounts will need several changes. Since merchandise is purchased to resell, a discount on the merchandise will mean a decrease to the cost of goods sold, which will ultimately increase income. As a result, a Cost of Goods Sold subaccount Merchandise Discounts needs to be added. In addition, a new expense account for Purchase Discounts will also be added. It will be used for discounts on expenses of the business or items purchased for use in the business.

DRILL

Continue to use the **Test Drive Company** and make changes to the Chart of Accounts

Open the Chart of Accounts as previously instructed
Click the **New** button
Select the Category Type: **Cost of Goods Sold**
Select the Detail Type: **Supplies & Materials**
Enter the Name: **Merchandise Discounts**
Click **Is sub-account** to select
Click **Cost of Goods Sold**
Click **Save and New**
Since there isn't an appropriate Detail Type in Expenses, select the Category Type: **Other Expense**
Detail Type: **Other Miscellaneous Expense**
Name: **Purchase Discounts**

- If necessary, remove the check mark from: Is sub-account.

Save and Close
View the two new accounts in the Chart of Accounts

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Cost of Goods Sold	Cost of Goods Sold	Supplies & Materials - COGS			Run report
Merchandise Discounts	Cost of Goods Sold	Supplies & Materials - COGS			Run report
Purchase Discounts	Other Expense	Other Miscellaneous Expense			Run report

Do not close the Test Drive Company, continue to the next section

PAY BILLS—DRILL

Once bills have been recorded, they should be paid by using Pay Bills from the Vendor column after clicking the Plus icon or by clicking the Make Payment button within a bill. Bills may be paid by using cash, checks, or credit cards. Prior to paying bills, however, the merchandise and/or purchase discounts should be entered as part of the bill.

MEMO
DATE: Current Date

Use a check to pay the bill for inventory received from Tim Philip Masonry. Add the Discount of 2% 10 Net 30 to the bill before paying it.

Use the company Mastercard to pay the bill from Lee Advertising. Include a discount of 2% 10 Net 30 on the bill prior to paying it.

Add the discount of 2% 10 Net 30 to the original bill for $205 from Norton Lumber and Building Supplies. When calculating the amount of the discount, subtract the $10 Vendor Credit prepared for this bill prior to calculating the discount. Pay the bill using the company Mastercard.

7

DRILL

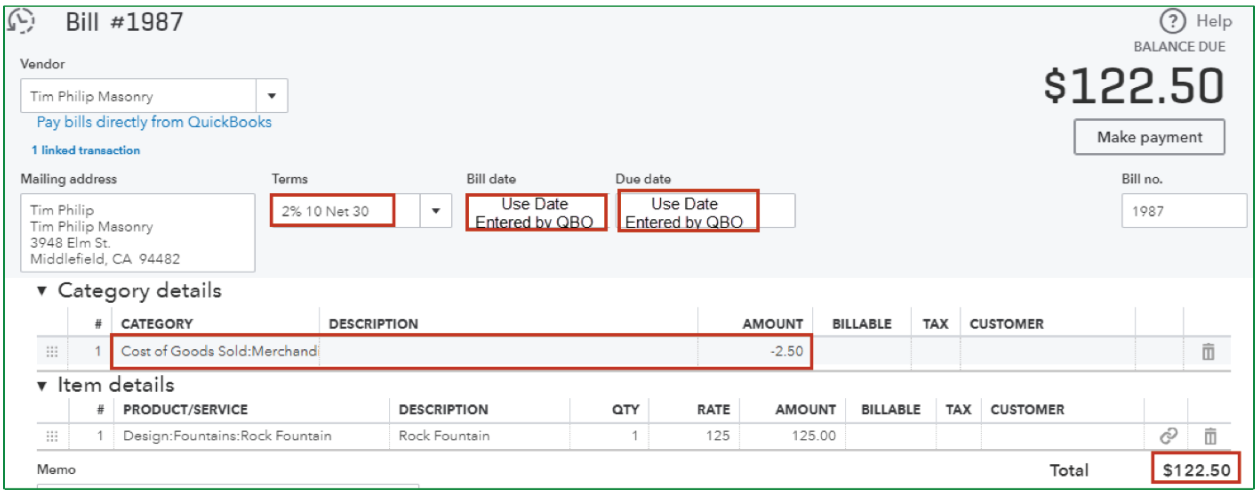
Continue to use the **Test Drive Company** and pay the bills you entered earlier

Click the **Search** icon, click the bill you prepared earlier for Tim Phillips Masonry for $125
In Category details for Line 1, click in the CATEGORY text box
Click the drop-down list arrow; click the Cost of Goods Sold subaccount **Merchandise Discounts**

- The bill is for inventory items, so Merchandise Discounts is the discount account to use.
- Calculate the discount: 125 * .02 = 2.50.

Tab to the AMOUNT column for Line 1, enter: **– 2.50**, press **Tab**

- Do not forget to enter the minus **–** sign in front of the 2.50.
- Notice that the Total changed from $125.00 to $122.50.

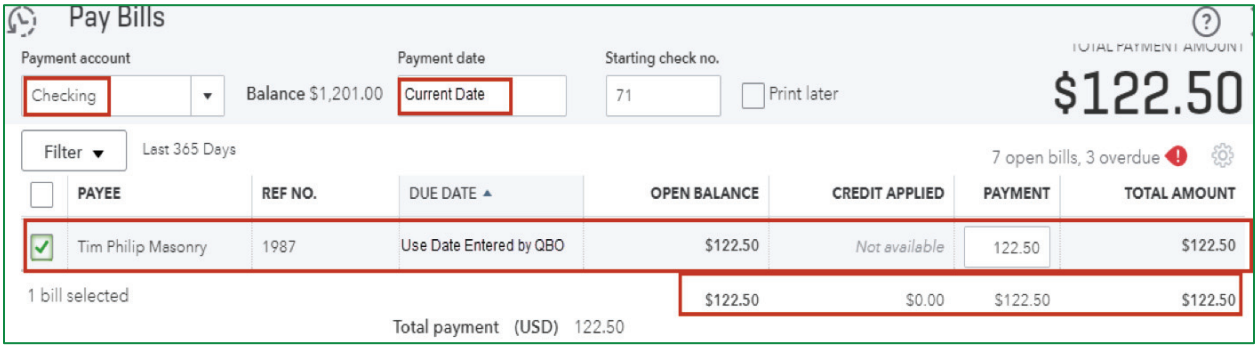


Click **Save and close**

- If you get a message about a linked transaction, click **Yes**.
- If you get a blank bill, click the **Close** button.

Click the **Plus** icon, click **Pay Bills** in the Vendors column
Click the drop-down list arrow for Payment account, click **Checking**
Click in the check box for Tim Philip Masonry to select

- The Payment of $122.50 is automatically inserted.
- Only the Bill for Tim Phillip Masonry is shown in the screenshot.



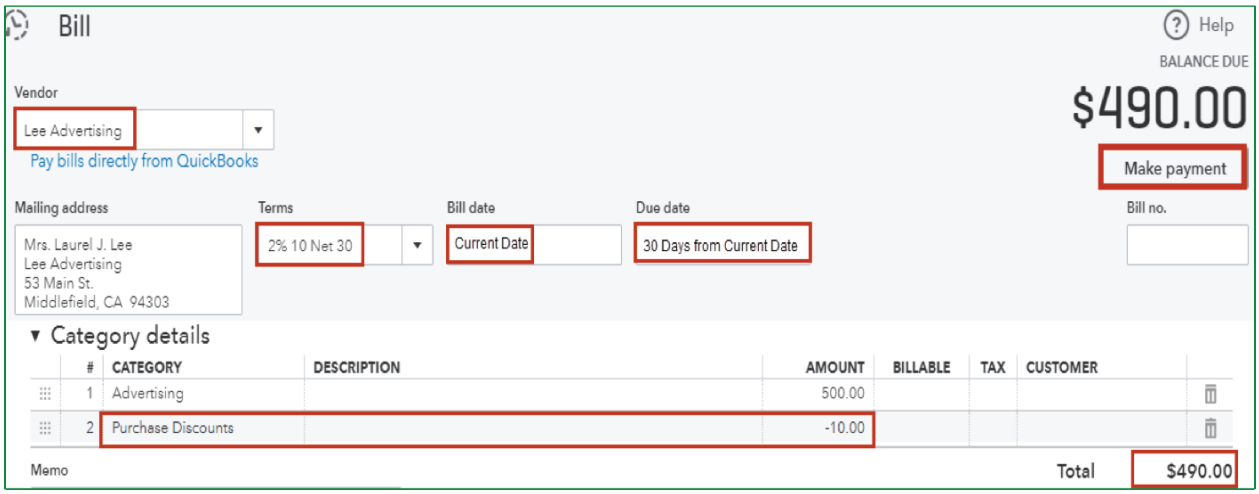
Click **Save and close**
Click the **Search** icon
In the list of Recent Transactions, click the bill for **Lee Advertising** to open
Repeat the steps to add the 2% discount to the bill from Lee Advertising for $500

- The bill is for advertising so the correct account to use for the discount is the Expense account Purchase Discounts.

Scroll to the very bottom of the account list, click **Purchase Discounts**
Calculate and enter the discount

- Do not forget to enter the **–** .

Click the **Save** button
At the top of the Bill, click the **Make payment** button

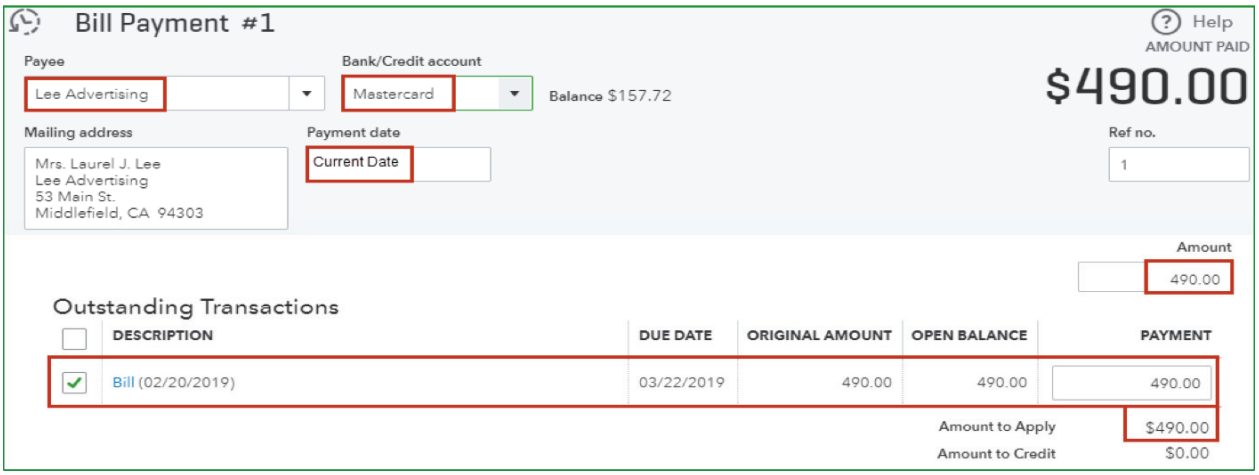


- You will see a Bill Payment showing the amount paid of $490.00.

Click the drop-down list arrow for Payment account, click **Mastercard**

- The Test Drive Company spells the account as Mastercard rather than MasterCard.
- Remember, you may see any one of the payment accounts shown. These include Checking, Mastercard, Visa, among others.

Payment date: **Current Date**



Click **Save and close**

Return to the bill, and note that the Payment Status is PAID, click the **Close** button

Open the **Vendors** List as previously instructed

Open the Register for **Norton Lumber and Building Materials**

- Note the Vendor Credit for the Current Date for $10.00. This was the return of 1 Pump for $10.00 recorded for the Bill for $205.

Open the **Bill** for Norton Lumber and Building Materials for $205

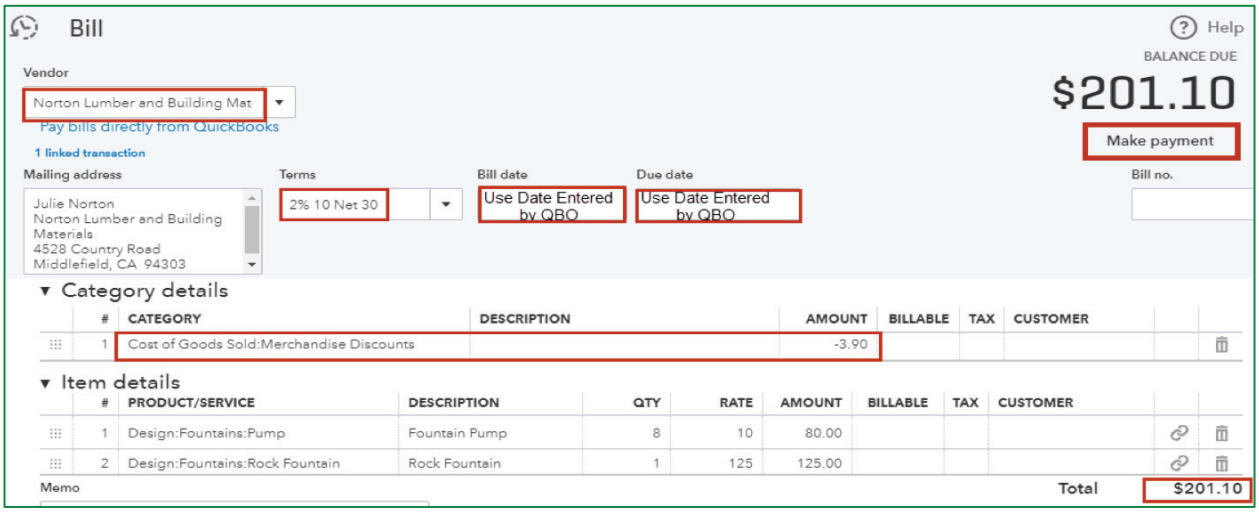
- If necessary, expand **Category details**.

Category details Line 1: select the Cost of Goods Sold subaccount **Merchandise Discounts**

Calculate and enter the amount of the Merchandise Discounts

- Total $205 – Vendor Credit of $10 = $195. Multiply $195 by .02 to get the discount amount of $3.90.
- Do not forget to enter the **–** .

7

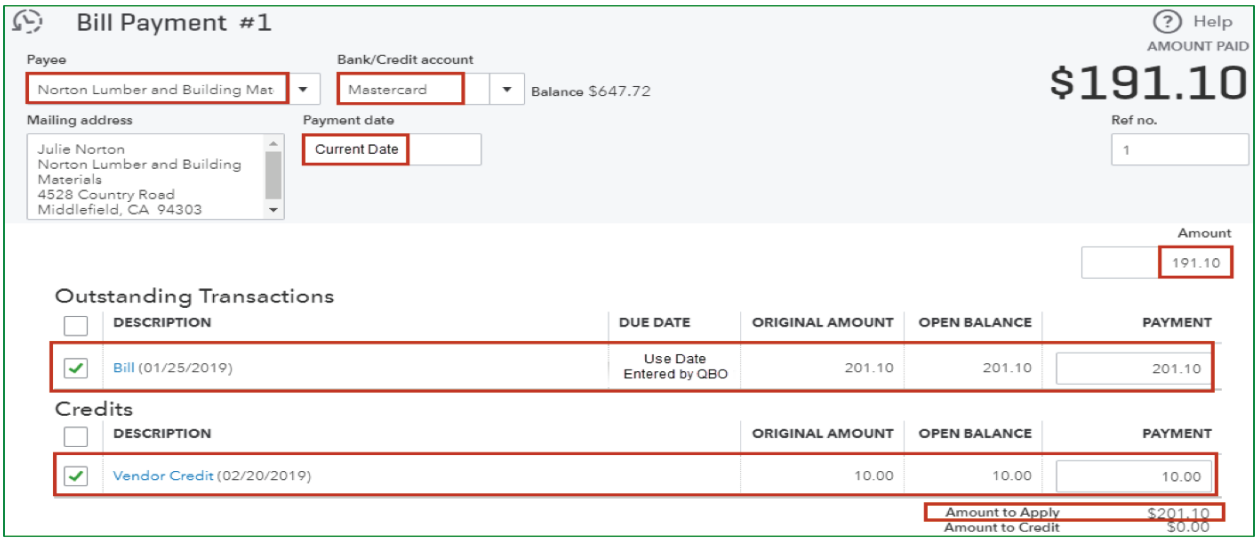


Click the **Save** button

- If you get a transaction linked message, click **Yes**.

Click the **Make payment** button
View the Bill Payment screen
Make sure the Payment Account is **Mastercard**
Payment date: **Current Date**

- This screen shows the link between the Bill and the Credit. The Bill is shown for the amount due after applying the discount. The Vendor Credit is shown and subtracted from the amount due for the bill. Thus, the amount of the payment is $191.10.



Click **Save and close**
Return to the Bill, note that it is marked PAID, close the bill
Close the Test Drive Company

ENTER BILLS—DO

As you practiced in the drills, bills are prepared to record the amounts owed for the costs of expenses incurred in the operation of a business, for the purchase of items used in the operation

of the business, and for the purchase of merchandise to sell in the business. QuickBooks Online provides accounts payable tracking. Entering bills as soon as they are received is an efficient way to record your liabilities.

MEMO
DATE: February 19, 2019

Record Bill 1849 for the purchase of 5 Poop Scoops $50 each ($250) plus 8% sales tax of $20 for a total amount of $270 from Kennel Equipment, Inc. Because they are replaced frequently, the Poop Scoops are considered to be Kennel Supplies to have on hand. Use the Terms 2% 10 Net 30.

Record Bill no. 7965 for the purchase of Cleaning Supplies from Supplies Galore to have on hand: $225, Terms 2% 10 Net 30.

Record a bill from Lulu's Laundry for $75 for washing, drying, and sanitizing towels. Terms Net 30. (No Bill no.)

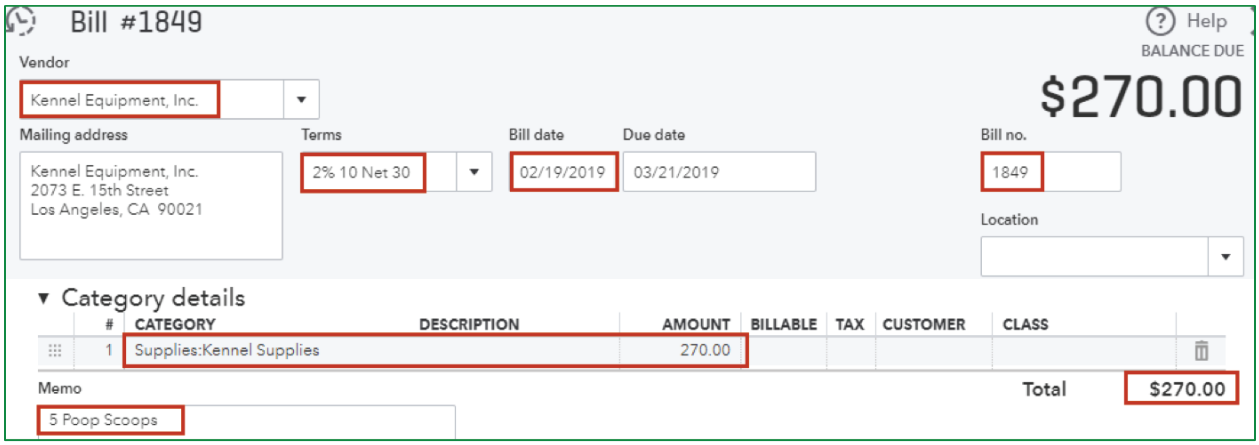
Set up an ad campaign to promote the new Malibu location. Record Bill 3275 from Beach Advertising for $500. Terms 2% 10 Net 30.

DO

Open **Your Name's Beach Barkers** and enter bills

Click the **Plus** icon
Click **Bill** in the Vendors column
Click the drop-down list arrow for Choose a vendor, click **Kennel Equipment, Inc.**
Terms: **2% 10 Net 30**
Bill Date: **021919**
Bill no: **1849**
Category details Line 1: Click in the CATEGORY text box, click the drop-down list arrow; click the asset account **Kennel Supplies**
Tab to AMOUNT and enter **270**, press **Tab**
Enter the Memo: **5 Poop Scoops**

- Note: Unused areas on the bill are edited out of the screenshot when possible.

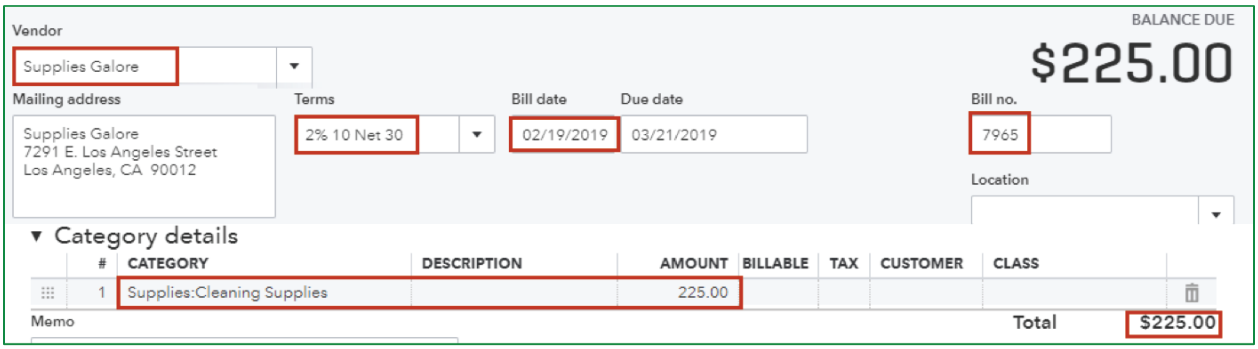


Click **Save and new**
Complete the bill from **Supplies Galore** using the information in the Memo

7

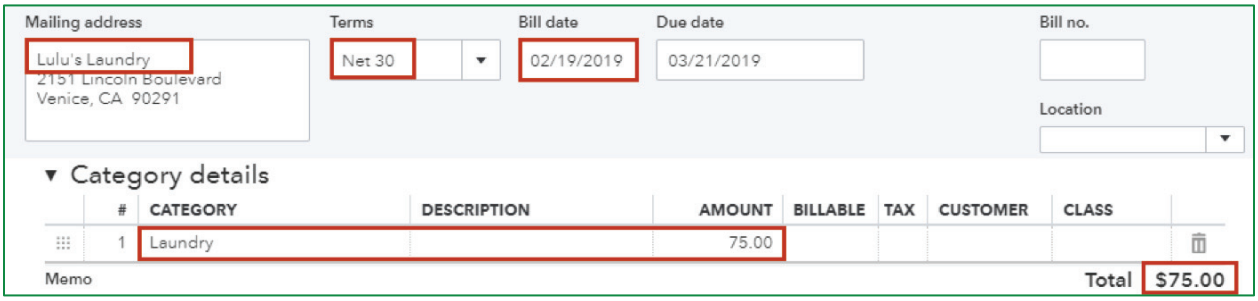
Terms: **2% 10 Net 30**
Bill date: **021919**

- If Line 1 of Category details already includes information for Cleaning Supplies, simply change the amount.



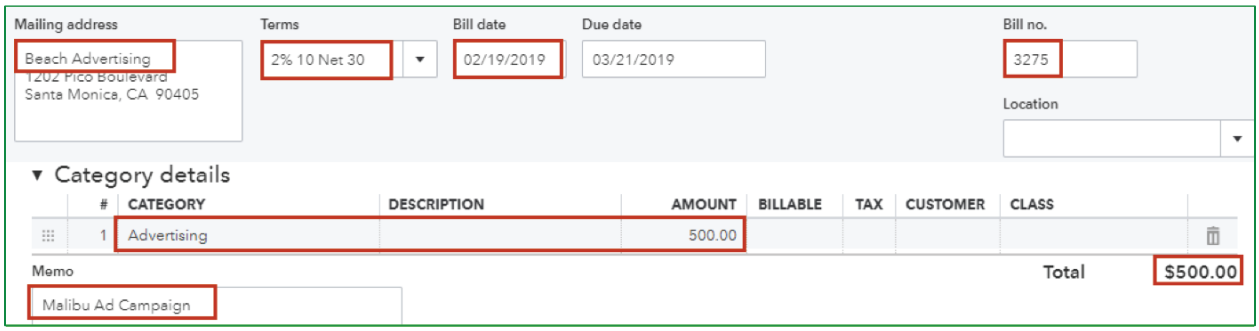
Click **Save and new**
Enter the bill for **Lulu's Laundry** using the information in the Memo
Terms: **Net 30**
Bill date: **021919**

- The next two screenshots do not show the vendor name and balance at the top of the screen. Otherwise, all necessary information is shown.



Click **Save and new**
Use the information in the memo and record the bill from **Beach Advertising**
Terms: **2% 10 Net 30**
Bill date: **021919**
Bill no.: **3275**
Enter a Memo: **Malibu Ad Campaign**

- If information is already shown as a Memo, remember to delete it and then enter Malibu Ad Campaign.
- Remember, bills are not categorized by Location. Malibu is used only as a transaction description in the Memo.



Click **Save and close**

- If you see a blank bill, close it.

Do not close Your Name's Beach Barkers

RECORD VENDOR CREDIT—DO

Earlier in the chapter a Vendor Credit was prepared to return merchandise ordered. A vendor credit is also prepared when a purchase of items used in the business is made on account and is returned. If an expense has been recorded on a bill and is later reduced, a Vendor Credit is prepared for the reduction in the expense.

MEMO
DATE: February 19, 2019

Two of the Poop Scoops purchased from Kennel Equipment, Inc. were bent. Record a Vendor Credit for the return of 2 Poop Scoops, $108.

7

DO

Continue to use **Your Name's Beach Barkers** and record a Vendor Credit

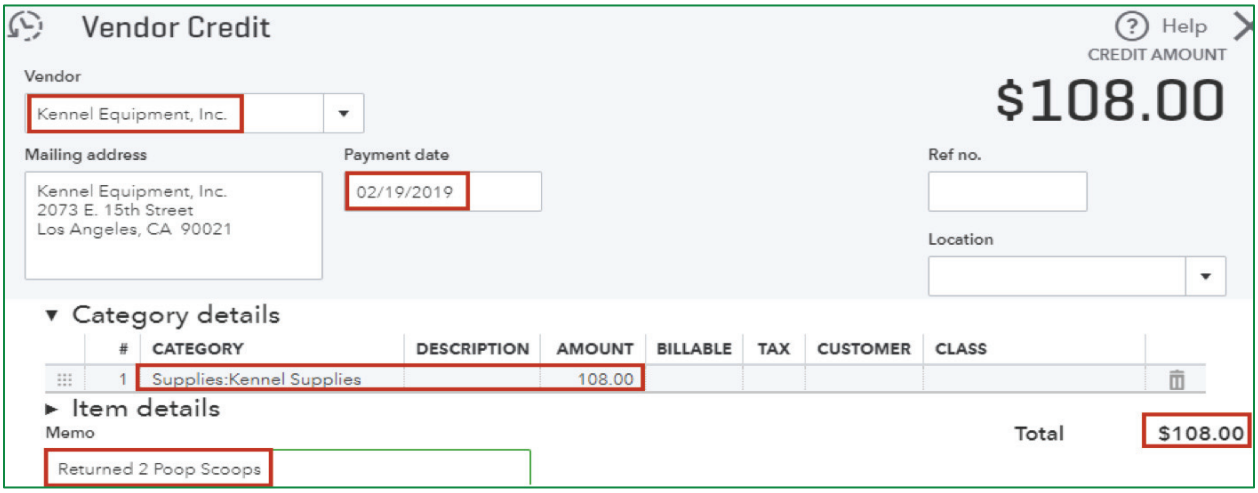
Click the **Plus** icon; click **Vendor Credit** in the Vendors column
Vendor: **Kennel Equipment, Inc.**
Payment date: **02/19/19**
Category details Line 1: CATEGORY: **Kennel Supplies**

- The asset account is used because these were supplies to have on hand.

Amount: **108**

- Do the math: Item cost multiplied by quantity: 2 Poop Scoops at $50 each = 100 total cost. Total cost multiplied by sales tax rate: 100 * .08 = $8 Sales Tax. Total cost plus sales tax: $100 + $8 = $108 Amount (or 100 * 1.08 = $1.08}.

Memo: **Returned 2 Poop Scoops**



Click **Save and close**
Do not close Your Name's Beach Barkers

DISCOUNT ACCOUNTS—DO

As you practiced in the drill, in order to take purchase and merchandise discounts, the Chart of Accounts will need several changes. Since merchandise (inventory) is purchased to resell, a discount on the merchandise will mean a decrease to the cost of goods sold, which will ultimately increase income. A subaccount of Cost of Goods Sold named Merchandise Discounts should be used for discounts on inventory items purchased. In addition, a company may be entitled to take a discount on other purchases or expenses incurred in the operation of the business. As a result, a new expense account for Purchase Discounts will be added to be used for discounts on expenses of the business or non-inventory purchases for use in the business.

DO

Continue to use **Your Name's Beach Barkers** and make changes to the Chart of Accounts

Open the Chart of Accounts as previously instructed
At the top of the Chart of Accounts, click the **New** button
Select the Category Type: **Cost of Goods Sold**
Detail Type: **Supplies & Materials**
Name: **Merchandise Discounts**
Subaccount of: **Cost of Goods Sold**
Click **Save and New** then add the Purchase Discounts account
Select the Category Type: **Other Expense**
Detail Type: **Other Miscellaneous Expense**
Name: **Purchase Discounts**

- If *Is sub-account* has a check mark, click the check mark to delete.

Click **Save and Close**
The new accounts have been added to the Chart of Accounts

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Cost of Goods Sold	Cost of Goods Sold	Supplies & Materials - COGS			Run report
Merchandise Discounts	Cost of Goods Sold	Supplies & Materials - COGS			Run report
Purchase Discounts	Other Expense	Other Miscellaneous Expense			Run report

Do not close Your Name's Beach Barkers, continue to the next section

UNPAID BILLS REPORT—DO

It is possible to get information regarding unpaid bills by simply preparing a report. No more digging through tickler files, recorded invoices, ledgers, or journals. QuickBooks Online prepares an Unpaid Bills report that includes each unpaid bill grouped and subtotaled by vendor. The report includes the Transaction Date, Transaction Type, Number, Due Date, number of days Past Due, Amount of the original bill, and the Open Balance. Evaluating the Unpaid Bills report enables you to determine which bills should be paid and to know which bills are overdue.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Unpaid Bills report

Access **Reports** as previously instructed, in the list of Standard Reports scroll to the category for What you owe, click **Unpaid Bills**

- You will see the Unpaid Bills for All Dates. You will also see a footer with the Date Prepared and Time Prepared.
- Notice the Past Due column, because we are using specific dates that are not the current date, this column, while valuable in the real world, does not provide relevant information in your training.

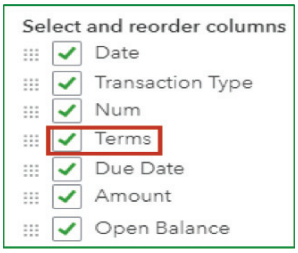
Click the **Customize** button
Expand **Rows/Columns**
Click **Change Columns**
Click the check box for **Past Due** to deselect
Since you are not categorizing bills by location, remove **Location** from the columns
It would be helpful to identify bills that have terms for discounts, in the list below the line, click **Terms** to select

- Terms will be positioned just below Open Balance.

Point to the dotted square on the left of Terms

- Your cursor will turn into four arrows.

Drag to position Terms between Num and Due Date
Scroll down through the Customize Report selections
Click **Header/Footer** to expand, change the footer as previously instructed
Click **Run Report**
Click **Save Customization** to save this customized report
Accept the name **Unpaid Bills**, click **Save**



7

Your Name's Beach Barkers
UNPAID BILLS
All Dates

DATE	TRANSACTION TYPE	NUM	TERMS	DUE DATE	AMOUNT	OPEN BALANCE
Beach Advertising						
310-555-1879						
01/24/2019	Bill	425	Net 30	02/23/2019	75.00	75.00
02/19/2019	Bill	3275	2% 10 Net 30	03/21/2019	500.00	500.00
Total for Beach Advertising					**$575.00**	**$575.00**
Bow-Wow Supplies						
800-555-2951						
12/31/2018	Bill			12/31/2018	2,000.00	1,300.00
Total for Bow-Wow Supplies					**$2,000.00**	**$1,300.00**
Canine Supplies						
310-555-6971						
12/31/2018	Bill			12/31/2018	3,000.00	2,200.00
01/24/2019	Bill	276	Net 30	02/23/2019	189.00	189.00
02/18/2019	Bill		Net 30	03/20/2019	540.00	540.00
02/19/2019	Vendor Credit	1596	Net 30		-40.00	-40.00
Total for Canine Supplies					**$3,689.00**	**$2,889.00**
Doggie Supplies						
310-555-3952						
02/18/2019	Bill	987	Net 30	03/20/2019	175.00	175.00
Total for Doggie Supplies					**$175.00**	**$175.00**
Kennel Equipment, Inc.						
310-555-1156						
02/19/2019	Bill	1849	2% 10 Net 30	03/21/2019	270.00	270.00
02/19/2019	Vendor Credit		Net 30		-108.00	-108.00
Total for Kennel Equipment, Inc.					**$162.00**	**$162.00**
Lulu's Laundry						
(310) 555-8789						
02/19/2019	Bill		Net 30	03/21/2019	75.00	75.00
Total for Lulu's Laundry					**$75.00**	**$75.00**
Pawsitively Accessories						
(310) 555-2925						
02/18/2019	Bill	2901	2% 10 Net 30	03/20/2019	500.00	500.00
Total for Pawsitively Accessories					**$500.00**	**$500.00**
Supplies Galore						
(310) 555-8529						
01/24/2019	Bill	564	Net 30	02/23/2019	175.00	175.00
02/19/2019	Bill	7965	2% 10 Net 30	03/21/2019	225.00	225.00
Total for Supplies Galore					**$400.00**	**$400.00**
Tech Savvy						
(310) 555-8816						
01/18/2019	Bill	230	Net 30	02/17/2019	275.00	275.00
Total for Tech Savvy					**$275.00**	**$275.00**
TOTAL					**$7,851.00**	**$6,351.00**

Print, export, and/or email or submit the report as required by your professor

- Name the report **11-Your Name Unpaid Bills Ch 7**

Do not close Your Name's Beach Barkers

PAY BILLS—DO

Once bills have been recorded, they should be paid by using Pay Bills. Bills may be paid by using cash, checks, or credit cards. All payments for recorded bills should be made using the Pay Bills feature. However, if a bill has a discount, the merchandise and/or purchase discounts should be entered as part of the original bill. Once the discount is recorded, the bill may be paid by clicking the Make Payment button within the bill or by going to Pay Bills.

MEMO
DATE: February 20, 2019

Pay the bill for the Dog Beds from Canine Supplies, pay with Check 19. Make sure the vendor credit is used.

Use the company Visa to pay the bill from Doggie Supplies for the Brushes purchased earlier in the chapter.

Add the discount of 2% 10 Net 30 to the original bill for $500 from Pawsitively Accessories. When calculating the amount of the discount, subtract the $10 Vendor Credit prepared for this bill before calculating the discount. Pay by check.

Pay the bill to Beach Advertising for the $500 Malibu Ad Campaign, take the 2% early payment discount and pay with the company's Visa.

On February 21, 2019 used the company Visa to pay for the Poop Scoops purchased from Kennel Equipment, Inc. Be sure to use the credit. Also, subtract the amount of the credit from the bill total then calculate the amount of discount. Record the discount amount.

DO

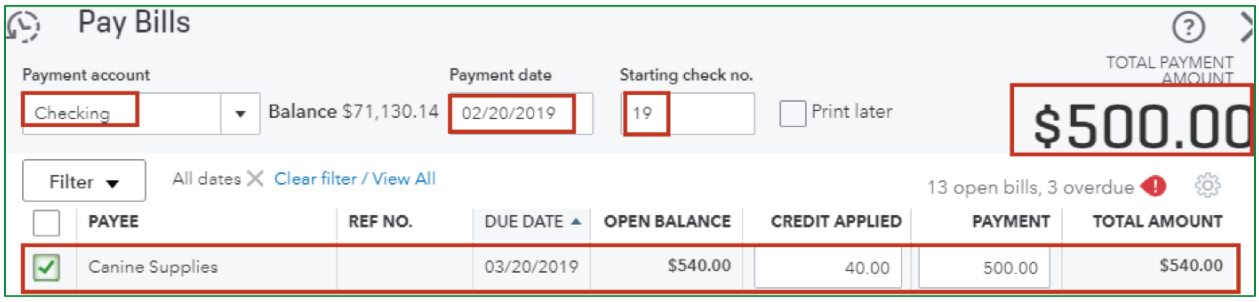
Continue to use **Your Name's Beach Barkers** and pay the bills in the Memo

Click the **Plus** icon, click **Pay Bills** in the Vendors column
Payment account: **Checking**
Payment date: **022019**
Starting Check: **19**

- If a different check number appears, change it to 19.

In order to make sure that all of the bills are shown, click the drop-down list arrow for Filter; scroll through the list of selections for Due Date, click the very last one **All Dates**, and then click **Apply**
Scroll through the list of bills; click the check box for the bill from **Canine Supplies** for $540

- The Credit should have been applied automatically. The payment should be $500.



Click **Save and print** (Click the drop-down list arrow next to Save and close to locate)

- The screen should show the Starting check no. 19, the date of 02/20/19, Bill Payment (Check) as the Type, the Payee Canine Supplies, and the Amount $500.

Click **Preview and print**
Click **Printer** icon on the Print Checks screen

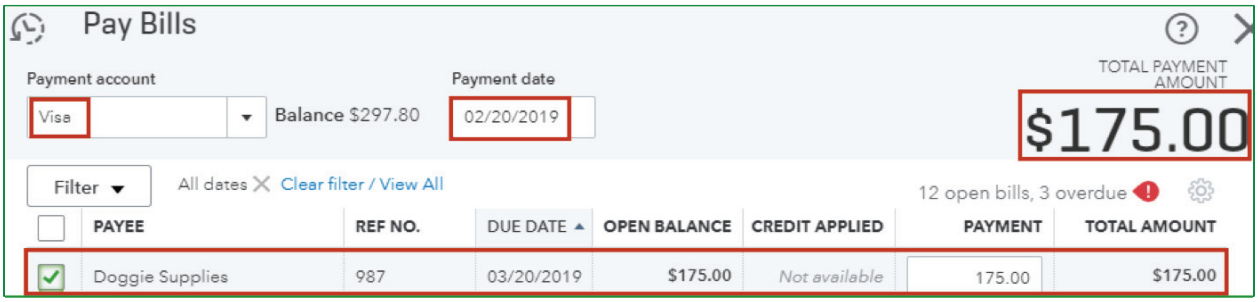
- If you save the check, name it **12-Your Name Ck 19 Canine Supplies Ch 7**

Click **Done** on the screen for Did your checks print OK?
Close Print Checks and return to Pay Bills
Change the Payment account to **Visa**

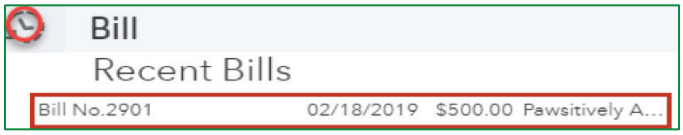
7

Payment date: **022019**
Scroll through the list of bills, click the check box for the bill from **Doggie Supplies**

- The Payment amount is automatically inserted.



Click **Save and close**
Click the **Plus** icon, click **Bill** in the Vendors column
Click the **Recent Transactions** icon on the Bills screen

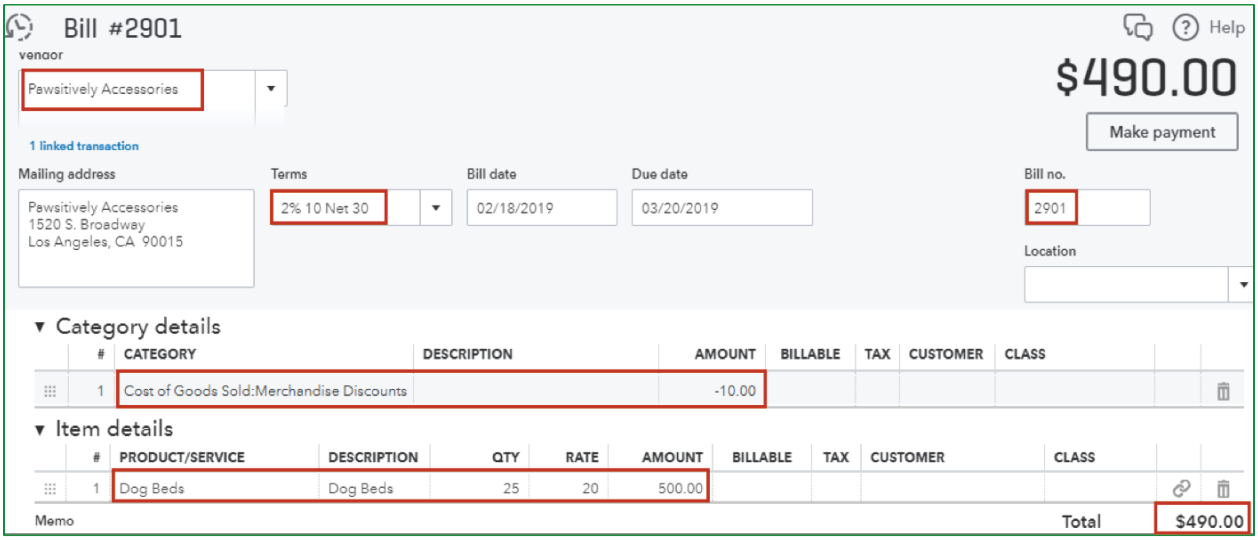


Click **Bill 2901** for Pawsitively Accessories for $500.00
In the Category details for Line 1, click in the CATEGORY text box
Click the drop-down list arrow; click the Cost of Goods Sold subaccount **Merchandise Discounts**

- The bill is for inventory items, so the Merchandise Discounts is the account to use for the discount.
- Calculate the discount: 500 * .02 = 10.

Tab to the AMOUNT column for Line 1, enter: **– 10,** press **Tab**

- Do not forget to enter the minus **–** sign in front of the 10.
- Notice that the Total changed from $500 to $490.



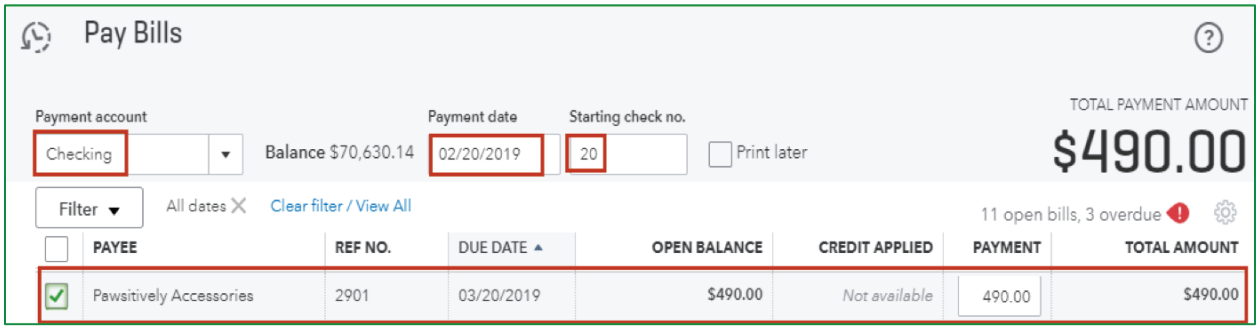
Click **Save and close**

- If you get a message about a linked transaction, click **Yes**.
- If you get a blank bill, click the **Close** button.

Click the **Plus** icon, click **Pay Bills** in the Vendors column

Click the drop-down list arrow for Payment account, click **Checking**
Payment Date: **022019**
Starting check no.: **20**
Click in the check box for the bill for Pawsitively Accessories to select

- The Payment of $490 is automatically inserted.



Click **Save and print** (Click the drop-down list arrow next to Save and close to locate)

- The screen should show the Starting check no. 20, the date of 02/20/19, Bill Payment (Check) as the Type, the Payee Pawsitively Accessories, and the Amount $490.

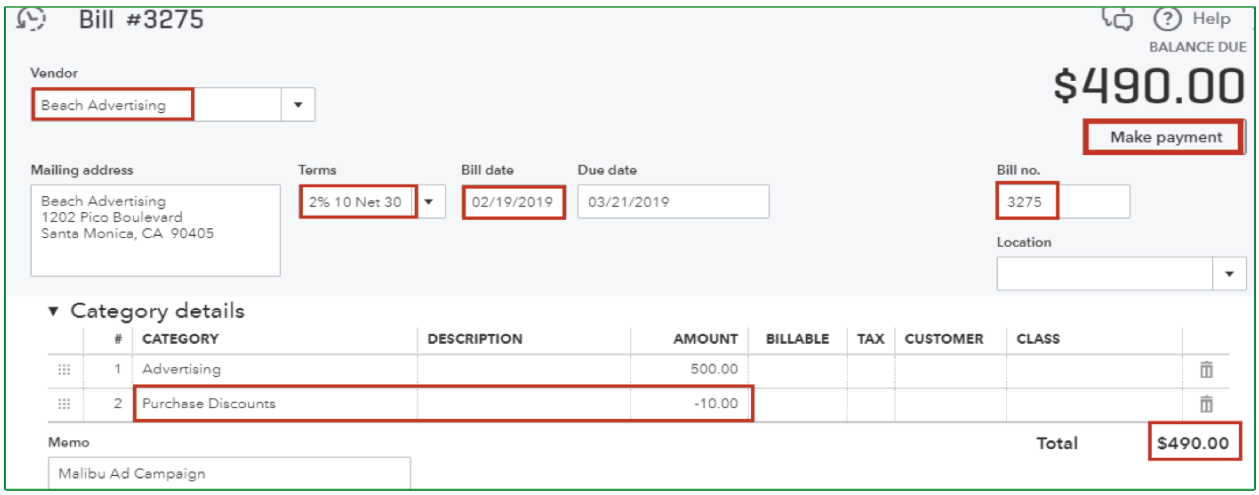
Click **Preview and print**
Click **Printer** icon on the Print Checks screen

- If you save the check, name it **1-Your Name Ck 20 Pawsitively Accessories Ch 7**

Click **Done** on the screen for Did your checks print OK?
Close Print Checks
Repeat the steps to add the 2% discount to Bill 3275 from Beach Advertising for $500

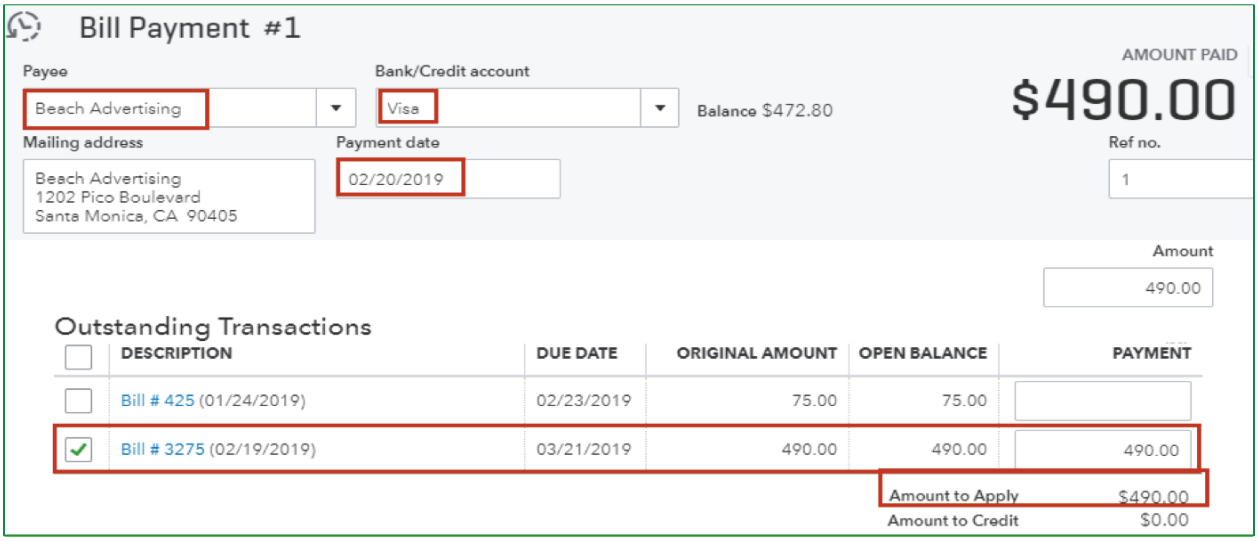
- The bill is for advertising so the correct account to use for the discount is the Expense account Purchase Discounts.
- Do not forget to enter the **–** .

Click the **Save** button
At the top of the Bill, click the **Make payment** button



- The Bill Payment screen will be opened with payment information automatically inserted.
- Note the original amount and the amount paid of $490.00.
- If you get an option to add an additional bill, ignore it.

Click the drop-down list arrow for Payment account, click **Visa**
Payment date: **022019**
Accept **1** for the Ref no.



Click **Save and close**

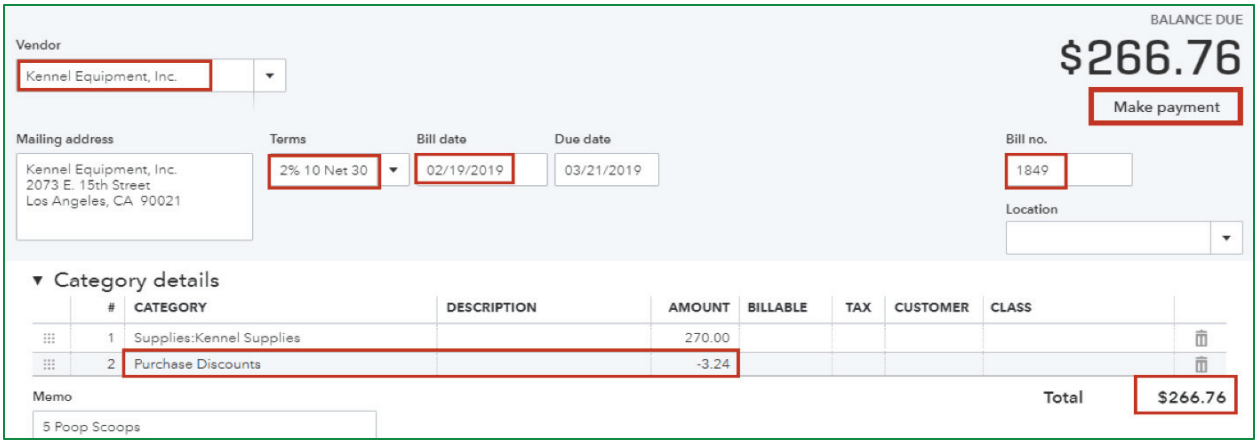
- If the bill for Beach Advertising is shown, notice that the Payment Status is PAID. If shown, close the Bill for Beach Advertising.

Open the **Vendors** List as previously instructed
Open the Register for **Kennel Equipment, Inc.**

- Note the Vendor Credit for the 02/19/2019 for $108.00. This was the return of 2 Poop Scoops for $108.00 recorded for Bill 1849 for $270.

Open Bill 1849 for Kennel Equipment, Inc. for $270
Category details Line 2: select the appropriate discount account
Calculate and enter the amount of the Purchase Discounts

- Total $270 – Vendor Credit of $108 = $162. Multiply $162 by .02 to get the discount amount of $3.24.
- Do <u>not</u> forget to enter the **–** .

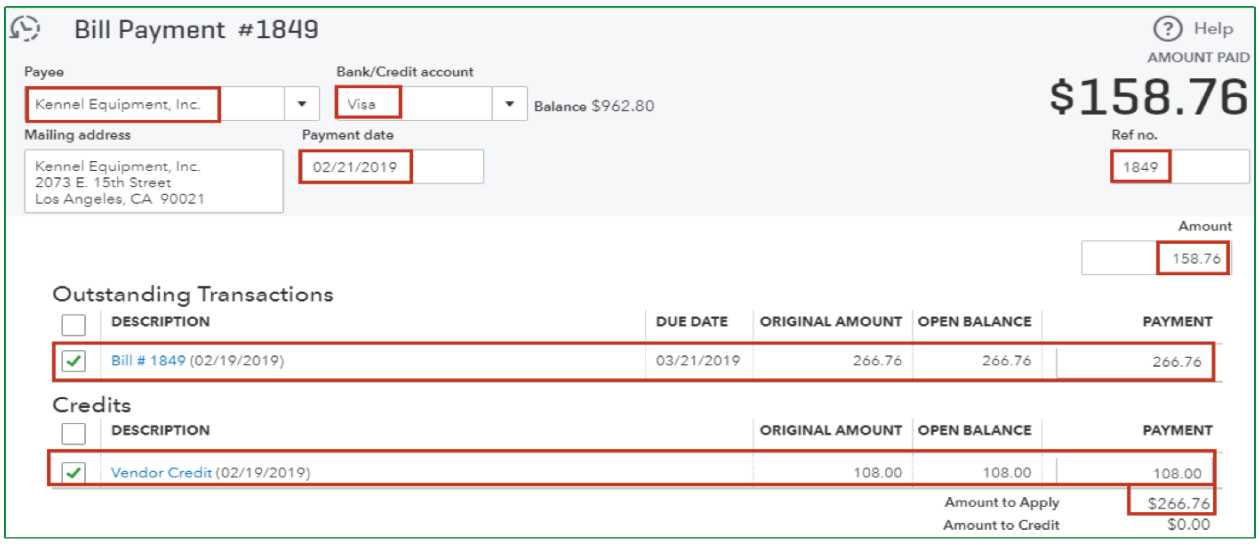


Click **Save**
Click the **Make payment** button
View the Bill Payment screen

Make sure the Bank/Credit Account is **Visa**
Payment date: **022119**

- This screen shows you the link between the Bill and the Vendor Credit. The Bill is shown for the amount due after applying the discount. The Vendor Credit is shown and subtracted from the amount due for the bill.

Rather than accepting 1 for the Ref no., enter the Bill no. **1849**



Click **Save and close**

- If you return to the bill for Kennel Equipment, Inc. note that it is marked PAID, then close the Bill.

Do not close Your Name's Beach Barkers

7

WRITE CHECKS TO PAY BILLS—DO

Frequently, you will receive a bill and pay it immediately without recording a bill in QBO. Typically, bill payments that are made in this manner are often rent, utilities, and other regular payments.

MEMO
DATE: February 20, 2019

Write a check to pay the $85 monthly water bill to Malibu Water District. Check Memo: Malibu Monthly Water.

Write a check to Malibu Rentals to pay the monthly rent of $1,400. Check Memo: Malibu Monthly Rent.

DO

Continue to use **Your Name's Beach Barkers** and write the checks to pay the bills indicated in the Memo

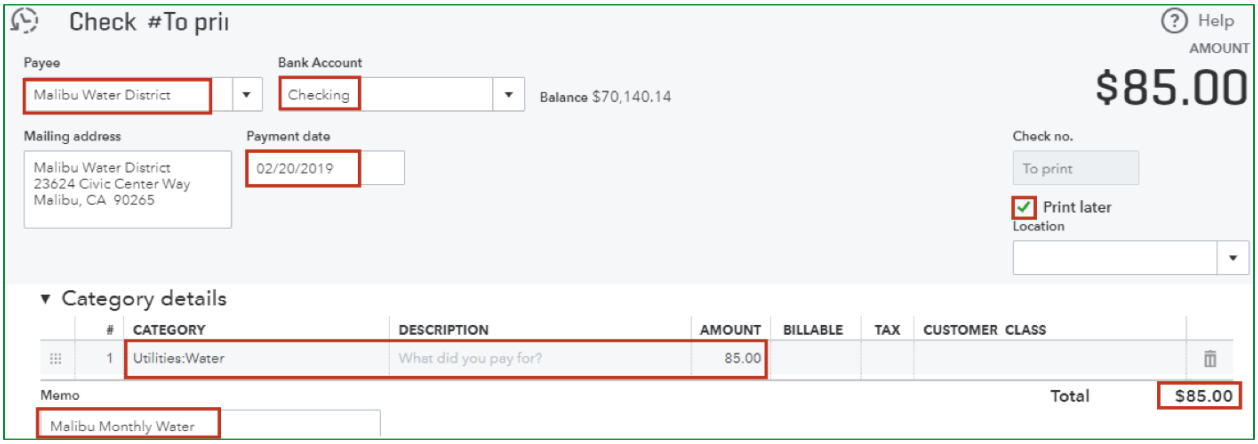
Click the **Plus** icon, click **Check** in the Vendors column
Payee: **Malibu Water District**
Use **Checking** as the account
Enter the Payment date **02/20/19**

Since the check will be printed as part of a batch (group), make sure Print later is checked

- If it is not, click **Print later** to mark.

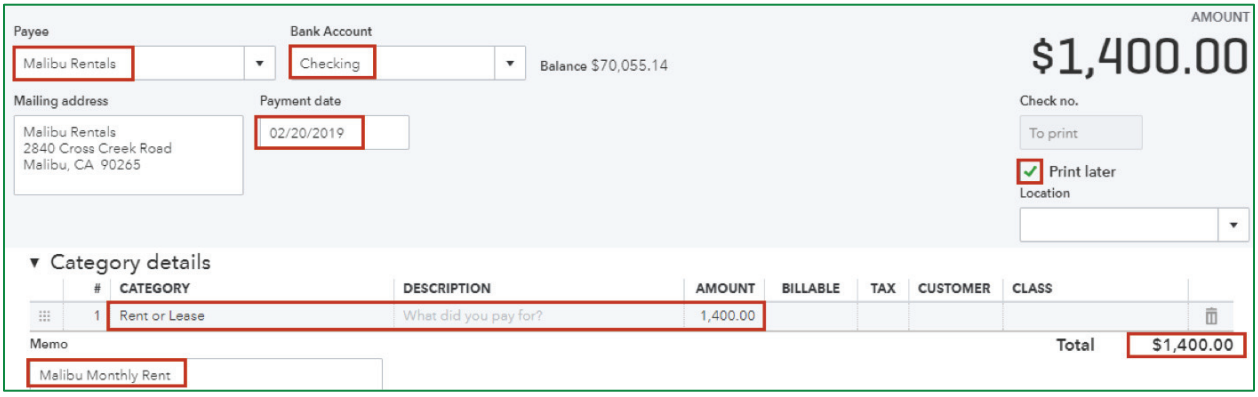
In the Category details section, click in the CATEGORY column for Line 1
Click the drop-down list arrow, scroll through the list of accounts, click the Utilities Expense subaccount **Water**
Tab to AMOUNT and enter **85**, press **Tab**
To differentiate the water between Malibu and Venice, enter the Memo: **Malibu Monthly Water**

- Remember, you do not enter locations when paying bills. Malibu is used as a transaction description.

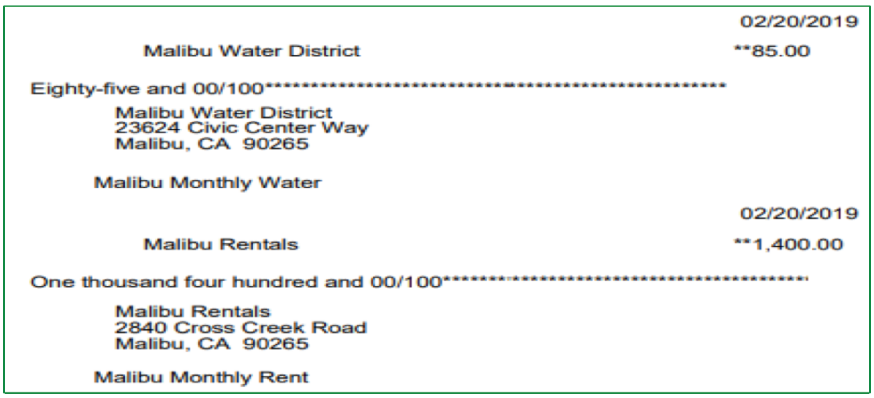


Click **Save and new**
Prepare the check to Malibu Rentals using the information provided in the Memo

- Did you enter a Memo to differentiate the Malibu rent from the Venice rent?



Click **Print Check** at the bottom of the check
Account: **Checking**
Starting check no.: **21**
On first page print: leave at 3 checks
Make sure the check boxes for both checks are marked; if not, click to select
Click the **Preview and print** button



02/20/2019

Malibu Water District **85.00

Eighty-five and 00/100**********

Malibu Water District
23624 Civic Center Way
Malibu, CA 90265

Malibu Monthly Water

02/20/2019

Malibu Rentals **1,400.00

One thousand four hundred and 00/100**********

Malibu Rentals
2840 Cross Creek Road
Malibu, CA 90265

Malibu Monthly Rent

- If you save the checks, there will be one document. Name it **14-Your Name Cks 21-22 Ch 7**

Click **Done** on the screen for Did your checks print OK?
Close Print Checks; do not close Your Name's Beach Barkers

PETTY CASH—DO

In Chapter 4, a Petty Cash account was created, funded, and used to pay for small expenditures. A Petty Cash transaction is recorded as an Expense.

MEMO
DATE: February 20, 2019

Used $27 from Petty Cash to pay for 1 gallon of disinfectant that you purchased from Supplies Galore. One of the dogs in Day Camp was sick and the area needed to be cleaned immediately.

7

DO

Continue to use **Your Name's Beach Barkers** and record the Petty Cash expenditure

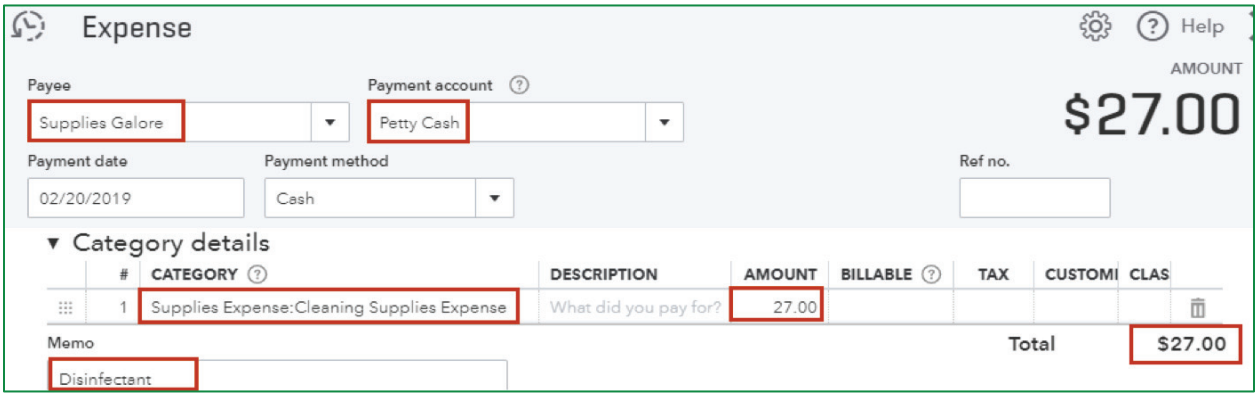
Click the **Plus** icon; click **Expense** in the Vendors column
Payee: **Supplies Galore**

- If you get a pane to add other transactions, ignore it.

Account: **Petty Cash**
Payment date: **02/20/19**
Click the drop-down list arrow for Payment method, click **Cash**
Category details Line 1: Click in the text box for CATEGORY, click the Supplies Expense subaccount **Cleaning Supplies Expense**

- Since the disinfectant is for immediate use, it is an expense.

Amount: **27**
Enter the Memo **Disinfectant**



Click **Save and close**
Close Your Name's Beach Barkers

ADDITIONAL TRANSACTIONS—DO

As in previous chapters, the following additional transactions will be similar to ones you completed during the chapter. These transactions will be listed in Memos. You will enter them without any specific instructions. If you have questions about how to enter transactions, you may refer back to material presented earlier in the chapter.

DO

Continue to use **Your Name's Beach Barkers** and enter the following transactions in the Memo boxes

Add Memos to transactions where appropriate
Take discounts when available
Print, save, and submit as requested by your instructor

- When using checks, assign the next available check number. The last check written before this section was Check Number 22.
- Use the same naming structure as previously instructed: Document number, your name, business form and number, vendor name. For example, 29-Your Name Ck 1234 ABC Company.

MEMO
DATE: February 22, 2019

Add an Inventory Item: Name, Sales and Purchasing Descriptions: Dog Dishes; Class: Boutique; Initial quantity on hand: 0; As of date: 12/31/18; Reorder point: 30; Accounts: Inventory Asset, Sales of Product Income, Cost of Goods Sold; Sales price/rate: leave blank; Is taxable: check; Sales tax category: Retail; What you sell: Taxable Retail Items; Cost: 5. (If you get a Double-check the Transaction Date message, click Yes.)

Prepare a Purchase Order for 30 Dog Dishes from a new vendor: Happy Wags (Address: 5415 Broadway, Los Angeles, CA 90011; Email: HappyWags@dogs.com; Phone: 213-555-4897; Fax: 213-555-7984; Terms: 2% 10 Net 30)

Used Petty Cash to purchase windshield wiper blades from Vince's Auto Repair, $16.15. (Vehicle Expenses)

Prepare a Purchase Order for 40 Dog Cages from Pet Supplies Unlimited for a new inventory item. (Name, Sales and Purchasing Descriptions: Dog Cages; Class: Boutique; Initial quantity on hand: 0; As of date: 12/31/18; Reorder point: 40; Accounts: Inventory Asset, Sales of Product Income, Cost of Goods Sold; Sales price/rate: 125; Is taxable: check; Sales tax category: Retail; What you sell: Taxable Retail Items; Cost: 25).

Use the company's Visa to pay the Bill for Lulu's Laundry.

Received all the Books on Purchase Order 1001 from The Literary Dog. Terms 2% 10 Net 30, Bill 8734.

Write checks to pay monthly expenses for the Venice location: Rent $1,500 to Venice Rentals, Gas $154 to Southern California Gas Company, Water of $125 to Marina Water, and Electric $75 to CA Electric. Enter memos. Print the checks after entering the electric bill.

Pay Bill 7965 for 02/19/19 for $225 of Cleaning Supplies to have on hand from Supplies Galore. Terms 2% 10 Net 30. (Do not forget to take the discount!) Print the bill payment check.

Receive a partial order of 25 toys from Bark City Toys, PO 1004.

Record a bill from Quality Insurance for $600 for a six-month policy (Prepaid Insurance). Terms 2% 10 Net 30.

Continue recording, saving, and printing transactions

MEMO
DATE: February 23, 2019

Use the company's Visa to purchase $150 of office supplies to have on hand from Super Office. (Did you use the asset account?)

Had paper bags with the logo and company name printed on them. Prepare Bill 8320 for the purchase of $125 of Sales Supplies to have on hand from Supplies Galore. Terms 2% 10 Net 30. (Did you clear any information shown for an earlier bill? Did you use an asset account?)

The toys remaining on the Purchase Order for Bark City Toys were discontinued. Manually Close Purchase Order 1004. (When you print the PO, the full order will be shown.)

Received all of the Dog Cages on order from Pet Supplies Unlimited.

Continue recording, saving, and printing transactions

MEMO
DATE: February 24, 2019

The logos on the paper bags were blurred. Returned all of the bags ($125) on Bill 8230 for February 23 from Supplies Galore.
Received 25 of the 30 Dog Dishes ordered from Happy Wags on Purchase Order 1006. Terms 2% 10 Net 30.
Use the Visa to pay the Quality Insurance bill. Terms 2% 10 Net 30.
Returned $30 of damaged office supplies purchased with the company's Visa on February 23 to Super Office.

Continue recording, saving, and printing transactions

MEMO
DATE: February 26, 2019

Returned 2 Dog Cages that were the wrong size to Pet Supplies Unlimited.
Pay for the Books received from The Literary Dog. Use Visa and terms of 2% 10 Net 30.
Use a Check to pay for the 25 Dog Dishes received from Happy Wags. Terms 2% 10 Net 30.
After reviewing the Visa account, you realize that you recorded the Bill Payment to Kennel Equipment, Inc. for 02/21/19. The date should be 02/20/19. To correct the error, return to the Bill Payment and change the date, then click Save and close.

Continue to use Your Name's Beach Barkers to complete reports

INVENTORY VALUATION SUMMARY—DO

After entering several inventory transactions, it is important to prepare the Inventory Valuation Summary report. Information is provided for each inventory item including quantity, total asset value, and average cost.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Inventory Valuation Summary report as of February 26, 2019

Open **Reports**, click **Custom reports**
Click **Inventory Valuation Summary**
Change the As of date to **022619**, click **Run Report**

Your Name's Beach Barkers
INVENTORY VALUATION SUMMARY
As of February 26, 2019

	SKU	QTY	ASSET VALUE	CALC. AVG
Bones		331.00	662.00	2.00
Books		250.00	750.00	3.00
Brushes		61.00	305.00	5.00
Collars		640.00	6,400.00	10.00
Dog Beds		51.00	1,020.00	20.00
Dog Cages		38.00	950.00	25.00
Dog Dishes		25.00	125.00	5.00
Dog Food-Canned		463.00	1,157.50	2.50
Dog Food-Dry		394.00	2,758.00	7.00
Dog Snacks		176.00	176.00	1.00
Leashes		442.00	4,420.00	10.00
Sweaters		318.00	4,770.00	15.00
Toys & Treats		3,463.00	6,926.00	2.00
Vitamins		445.00	1,335.00	3.00
TOTAL			$31,754.50	

Use Portrait orientation and print, export, and/or submit as previously instructed

- Name the report **21-Your Name Inv Val Sum Ch 7**

Continue to use Your Name's Beach Barkers

BILL PAYMENT LIST—DO

When a bill is paid, it will be included in the Bill Payment List. The report will show the bill payments made by check and by credit card.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Bill Payment List for February 1-26, 2019

In the What you owe category of Standard reports, click **Bill Payment List**
Either right-align or remove the Date and Time Prepared from the footer
Dates From: **020119** To: **022619**

Your Name's Beach Barkers
BILL PAYMENT LIST
February 1-26, 2019

DATE	NUM	VENDOR	AMOUNT
Checking			
02/20/2019	19	Canine Supplies	-500.00
02/20/2019	20	Pawsitively Accessories	-490.00
02/22/2019	27	Supplies Galore	-220.50
02/26/2019	28	Happy Wags	-122.50
Total for Checking			$ -1,333.00
Visa			
02/20/2019		Doggie Supplies	175.00
02/20/2019	1	Beach Advertising	490.00
02/21/2019	1849	Kennel Equipment, Inc.	158.76
02/22/2019		Lulu's Laundry	75.00
02/24/2019	1	Quality Insurance	588.00
02/26/2019	1	The Literary Dog	735.00
Total for Visa			$2,221.76

Print, export, and/or submit as previously instructed

- Name the report **22-Your Name Bill Pmt List Ch 7**

Continue to use Your Name's Beach Barkers

VENDOR BALANCE SUMMARY—DO

In order to see the total amount owed to each vendor, you prepare a Vendor Balance Summary report. For more detailed information that shows all the bills and credits for each vendor, you prepare the Vendor Balance Detail report. In addition, you could prepare your customized Unpaid Bills report, which would show all of your unpaid bills listed by vendor, the terms, bill amounts, and open balances.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Vendor Balance Summary report

Click **Vendor Balance Summary** in the What you owe category of Standard reports
Customize the Footer as previously instructed

Your Name's Beach Barkers
VENDOR BALANCE SUMMARY
All Dates

	TOTAL
Bark City Toys	50.00
Beach Advertising	75.00
Bow-Wow Supplies	1,300.00
Canine Supplies	2,389.00
Pet Supplies Unlimited	950.00
Supplies Galore	175.00
Tech Savvy	275.00
TOTAL	$5,214.00

Print, export, and/or submit as previously instructed

- Name the report **23-Your Name Vend Bal Sum Ch 7**

Continue to use Your Name's Beach Barkers

CHECK DETAIL—DO

Once checks have been printed and petty cash has been used, it is important to prepare the Check Detail report. In addition to the checks prepared to pay bills, all checks that have been written, and all petty cash expenditures are included in this report.

DO

Continue to use **Your Name's Beach Barkers** and prepare the Check Detail report

In the Standard report category for **Expenses and vendors**, click **Check Detail**
Customize the Footer as previously instructed
Enter the report dates From: **02/01/19** To: **02/26/19**
View the Check Detail report

Your Name's Beach Barkers
CHECK DETAIL
February 1-26, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLR	AMOUNT
Checking						
02/20/2019	Bill Payment (Check)	19	Canine Supplies			-500.00
						-500.00
02/20/2019	Bill Payment (Check)	20	Pawsitively Accessories			-490.00
						-490.00
02/20/2019	Check	21	Malibu Water District	Malibu Monthly Water		-85.00
						85.00
02/20/2019	Check	22	Malibu Rentals	Malibu Monthly Rent		-1,400.00
						1,400.00
02/22/2019	Check	23	Venice Rentals	Monthly Rent		-1,500.00
						1,500.00
02/22/2019	Check	24	Southern California Gas Company	Monthly Gas		-154.00
						154.00
02/22/2019	Check	25	Marina Water District	Monthly Water		-125.00
						125.00
02/22/2019	Check	26	CA Electric Co.	Monthly Electricity		-75.00
						75.00
02/22/2019	Bill Payment (Check)	27	Supplies Galore			-220.50
						-220.50
02/26/2019	Bill Payment (Check)	28	Happy Wags			-122.50
						-122.50
Petty Cash						
02/20/2019	Expense		Supplies Galore	Disinfectant		-27.00
						27.00
02/22/2019	Expense		Vince's Auto Repair	Windshield Wiper Blades		-16.15
						16.15

Does your report show Checks 19-28 and two Petty Cash transactions?

- Note that the checks prepared in Pay Bills have the Transaction Type of Bill Payment (Check) while the checks that you wrote without recording a bill have the Transaction Type of Check. Petty Cash expenditures are shown below the Check information.

Print, export, and/or submit as previously instructed

- Name the report **24-Your Name Ck Detail Ch 7**

Continue to use Your Name's Beach Barkers

JOURNAL—DO

At the end of each chapter, you have prepared the Journal in order to see every entry in debit and credit format. Preparing the Journal report will display this information. In many instances, going through the Journal entries and checking transaction dates, account names, and products/services listed in the Memo column will help you find errors in your transactions. If a transaction does not appear in the Journal, it may be due to using an incorrect date or forgetting to enter it.

In your concepts course, you may have learned that the General Journal was where all entries were recorded in debit/credit format. In QuickBooks Online, you do record some non-recurring debit/credit transactions as a Journal Entry and then display all debit/credit entries no matter where the transactions were recorded in the Journal report.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Journal report

Click **<Back to report list**, select **Custom Reports**, and click **Journal**
Enter the Dates From: **021619** To: **Current Date**

- Scroll through the report and note the transaction dates. The transactions in Chapter 7 began on February 16, 2019 so everything you entered in this chapter should be shown.

If you entered transactions for a current date rather than the date provided, those transactions should also be shown. If necessary change any incorrect transaction dates.

Change the report Dates From: **021619** To: **022619**

- Look at the debits and credits carefully, the debit entry is not always shown first. Entries within a transaction may also be shown in a different order.

Verify your Total of **$12,759.11**

Use Landscape Orientation to print or export then submit as previously instructed

- Name the report **25-Your Name Journal Ch 7**

Continue to use Your Name's Beach Barkers

TRIAL BALANCE—DO

When all transactions have been entered for the chapter, it is important to prepare the Trial Balance to verify that the total debits equal the total credits.

DO

Continue to use **Your Name's Beach Barkers** and prepare a Trial Balance

Click **Trial Balance** in Custom reports

Date: From: **02/16/19** To: **02/26/19**

- Do your Debit and Credit balances match the following Trial Balance?

TRIAL BALANCE
As of February 26, 2019

	DEBIT	CREDIT
Checking	66,458.14	
Petty Cash	63.93	
Accounts Receivable (A/R)	14,170.79	
Inventory Asset	31,754.50	
Prepaid Insurance	1,700.00	
Supplies:Cleaning Supplies	1,050.00	
Supplies:Kennel Supplies	2,112.00	
Supplies:Office Supplies	921.48	
Supplies:Sales Supplies	400.00	
Undeposited Funds	0.00	
Furniture & Fixtures:Depreciation		1,625.00
Furniture & Fixtures:Original cost	15,000.00	
Kennel Equipment:Depreciation		2,200.00
Kennel Equipment:Original cost	21,150.00	
Office Equipment:Depreciation		900.00
Office Equipment:Original cost	11,685.84	
Vehicles:Depreciation		3,475.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		5,214.00
Visa		2,639.56
California Department of Tax and Fee Administration Payable		236.34
Loans Payable:Equipment Loan		1,970.59
Loans Payable:Furniture & Fixtures Loan		2,463.24
Opening Balance Equity		300.00
Retained Earnings	1,654.66	
Your Name, Capital		119,732.16
Your Name, Capital:Your Name, Drawing		0.00
Your Name, Capital:Your Name, Investment		53,735.00
Sales Discounts	51.80	
Sales of Product Income		2,500.50

Services:Boarding		2,420.00
Services:Day Camp		1,410.00
Services:Grooming		1,360.00
Services:House Calls		375.00
Services:Training		5,025.00
Services:Transportation		1,225.00
Cost of Goods Sold:Merchandise Discounts		27.50
Cost of Goods Sold:Merchandise Purchases	733.00	
Advertising	700.00	
Bank Charges	16.00	
Equipment Rental	75.00	
Insurance:Vehicle Insurance	100.00	
Interest Expense	18.75	
Laundry	81.50	
Rent or Lease	4,400.00	
Repair & Maintenance:Computer Repair	200.00	
Repair & Maintenance:Vehicle Repair	212.50	
Supplies Expense:Cleaning Supplies Expense	127.00	
Supplies Expense:Kennel Supplies Expense	134.00	
Supplies Expense:Office Supplies Expense	131.47	
Supplies Expense:Sales Supplies Expense	100.00	
Telephone Expense	129.95	
Utilities:Electric	164.75	
Utilities:Gas-Heating	343.50	
Utilities:Water	385.95	
Vehicle Expenses	126.05	
Fees Billed		80.00
Interest Earned		78.93
Depreciation Expense	670.00	
Purchase Discounts		29.74
TOTAL	$209,022.56	$209,022.56

Print or export then submit as previously instructed

- Name the report **26-Your Name Trial Bal Ch 7**

Close Your Name's Beach Barkers

SUMMARY

In Chapter 7, you learned how to prepare purchase orders to order merchandise and to record a bill to receive the merchandise on a purchase order. The company's Visa credit card and checks were used to pay for inventory, bills, and other expenses. The differences between Purchase Discounts and Merchandise Discounts were explored. Payments were made that included discounts for the term of 2% 10 Net 30. Petty cash was used to pay for minor expenses. Reports were customized, saved, and used. A variety of reports were prepared throughout the chapter to assess the inventory, liabilities, purchases, and payments made. These include Inventory Valuation Summary, Vendor Balance Summary, Unpaid Bills, Check Detail, Purchases by Products/Services Detail, Open PO List by Vendor, Bill Payment List, Journal, and Trial Balance.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 7.01. The company credit card may be used to pay bills, pay expenses, or buy merchandise.

_____ 7.02. You can make a bill payment directly from the bill.

_____ 7.03. A Purchase Order must be prepared before purchasing and paying for Inventory.

_____ 7.04. Reorder Points must be entered for each item of Inventory before that Inventory item can be sold.

_____ 7.05. A Purchase Order may never be closed manually.

_____ 7.06. The Purchase Discounts account is used for a discount on payments of Merchandise Inventory.

_____ 7.07. To view a list of Open Purchase Orders, you prepare a Vendor List report.

_____ 7.08. The total amount of a purchase order shows as an amount due in the vendor's register.

_____ 7.09. QuickBooks Online automatically calculates and inserts the 2% discount when paying for purchases from vendors.

_____ 7.10. A Vendor Credit increases the amount you owe a vendor.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 7.11. Where do you record the 2% discount for early payment of a bill?
A. Enter it on the bill
B. Prepare a Vendor Credit
C. Change the amount of the bill payment check
D. Any of the above

_____ 7.12. The ___ report tells you the quantity, total asset value, and average cost for inventory items.
A. Transaction List by Vendor
B. Inventory Valuation Summary
C. Inventory Cost Analysis
D. Unpaid Bills

_____ 7.13. A(n) ___ is prepared to order merchandise.
A. Purchase Order
B. Bill
C. Inventory List report
D. Expense

_____ 7.14. To use a check to pay for a bill that has not been recorded, you access ___ in the Vendors column.
A. Pay Bills
B. Bills
C. Check
D. Accounts Payable

_____ 7.15. With Terms of 2% 10 Net 30 what is the discount amount for a purchase of $500?
A. 10¢
B. $1.00
C. $10.00
D. $100.00

_____7.16. When you create a new item for a product you sell, it is classified as a(n) ___ item.
A. Service
B. Non-inventory
C. Inventory
D. Product

_____ 7.17. To pay for small expenses using cash, you use the ___ account.
A. Cash
B. Transfer
C. Petty Cash
D. Undeposited Funds

_____ 7.18. To take a discount on Expenses or Bills that are not for merchandise ordered, you use the ___ Discount account.
A. Sales
B. Purchase
C. Inventory
D. Merchandise

_____ 7.19. Which report shows every transaction recorded in Debit/Credit format?
A. Trial Balance
B. Journal
C. Transaction List by Vendor
D. Expenses List

_____ 7.20. If you purchase inventory items and pay for them at the same time, you record the purchase on a(n) ___ form(s).
A. Expense
B. Purchase Order and Bill
C. Bill
D. Vendor

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

7.21. If you only receive part of the merchandise ordered, the _____ remains open until everything is received or until the _____ is closed manually.

7.22. To view the bills paid by check and credit card you prepare the _____ report.

7.23. A fast way to find your latest Purchase Orders is to click the _____ in a blank Purchase Order.

7.24. The names of the three discounts used in the text are _____, _____, and _____ Discounts.

7.25. When you return something that was paid for by credit card, you prepare a(n) _____.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

7.26. Prepare your Custom Unpaid Bills report. What are the terms shown for Pet Supplies Unlimited? _____

7.27. What account was used for the early payment discount taken for the payment to Quality Insurance? _____

7.28. What did you use to pay for the windshield wiper blades purchase from Vince's Auto Repair on February 22, 2019? _____

7.29. Refer to your Check Detail report to answer which vendor was paid with Check 27? _____

7.30. What document was used to record the return to Kennel Equipment, Inc. on February 19, 2019? _____

7.31. What was the discount for the early payment of the bill to The Literary Dog on February 26, 2019? _____

7.32. Prepare your Custom Open Purchase Order List by Vendor. Which vendor has an open purchase order? _____

7.33. Prepare your Custom Profit and Loss report. What was the total amount of rent for February? _____

7.34. In the Journal refer to the 02/24/19 transaction for Happy Wags. What are the three accounts used for the Bill? _____ _____ _____

7.35. What was the amount of discount taken for the bill payment check to Happy Wags on February 24, 2019? _____

CHAPTER 7 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

_____ 1-Inv Val Sum Ch 7	_____ 14-Cks 21-22 Ch 7
_____ 2-Prod-Svc List Ch 7	_____ 15-PO 1006 Happy Wags Ch 7
_____ 3-PO 1001 The Literary Dog Ch 7	_____ 16-PO 1007 Pet Supplies Unlimited Ch 7
_____ 4-PO 1002 Pawsitively Accessories Ch 7	_____ 17-Cks 23-26 Ch 7
_____ 5-PO 1003 Doggie Supplies Ch 7	_____ 18-Ck 27 Supplies Galore Ch 7
_____ 6-PO 1004 Bark City Toys Ch 7	_____ 19-PO 1004 Bark City Toys Closed Ch 7
_____ 7-PO 1005 Canine Supplies Ch 7	_____ 20-Ck 28 Happy Wags Ch 7
_____ 8-Open PO List Ch 7	_____ 21-Inv Val Sum Ch 7
_____ 9-PO 1003 Doggie Supplies Corrected Ch 7	_____ 22-Bill Pmt List Ch 7
_____ 10-Purch by Prod-Svc Detail Ch 7	_____ 23-Vend Bal Sum Ch 7
_____ 11-Unpaid Bills Ch 7	_____ 24-Ck Detail Ch 7
_____ 12-Ck 19 Canine Supplies Ch 7	_____ 25-Journal Ch 7
_____ 13-Ck 20 Pawsitively Accessories Ch 7	_____ 26-Trial Bal Ch 7

GENERAL ACCOUNTING, INVENTORY ADJUSTMENTS, PAY SALES TAXES, BUDGETS, AND END-OF-PERIOD PROCEDURES

8

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

8.01. Record adjustments for accrual-basis accounting including prepaid expenses and depreciation.
8.02. Adjust inventory quantities, starting values, and dates.
8.03. Prepare an Inventory Valuation Summary report.
8.04. Add new Inventory items.
8.05. Prepare an Inventory Valuation Detail report.
8.06. Prepare the Sales Tax Liabilities report.
8.07. Pay sales tax.
8.08. Transfer Opening Balance Equity into the Your Name, Capital account.
8.09. Record owner withdrawals.
8.10. Record additional cash and non-cash investments by owner.
8.11. View the Audit Log.
8.12. Prepare the customized Journal.
8.13. Create Budgets with and without Locations.
8.14. Prepare Budget Overview and Budget vs. Actual reports.
8.15. Reconcile Bank and Credit Card Statements.
8.16. Record payments and correct a transaction while preparing a reconciliation.
8.17. Print Reconciliation reports.
8.18. Print the check for a credit card payment.
8.19. Enter closing entries for Drawing and transfer Net Income into Your Name, Capital.
8.20. Close a period.
8.21. Edit a transaction for a closed period.
8.22. Prepare reports including Profit and Loss, Balance Sheet , Budget vs Actuals, Journal, and Trial Balance.

GENERAL ACCOUNTING, INVENTORY ADJUSTMENTS, SALES TAX PAYMENTS, BUDGETS, AND END-OF-PERIOD PROCEDURES

As previously stated, QuickBooks Online operates from the standpoint of a business document rather than an accounting form, journal, or ledger. While QuickBooks Online does incorporate all of these items into the program, in many instances they operate behind the scenes. Most of the end-of-period procedures are the same whether you sell inventory items/products, services, or both.

However, when dealing with inventory, it is important to check your inventory stock on a routine basis to make sure that the number of items you have on hand matches the number of items shown in QuickBooks Online. Sometimes your numbers may not match. This can be due to a

variety of reasons: damaged stock that needs to be discarded, miscounting, inaccurate numbers listed on a transaction, and theft, among others. If your numbers do not match, you record inventory adjustments to correct the discrepancies. In addition, if you find an error in a starting value for an inventory item, whether it is the quantity, cost, or date, you may also edit and correct the starting inventory value.

Since the Sales Tax is paid on a monthly schedule, the end of the month is an appropriate time to pay the sales taxes that are due. The amount of sales taxes owed are those that were collected from customers for sales.

It is important for a business to establish a budget. A budget will help track income and expenses and may be used to make decisions regarding products and services sold and expenses incurred. By having a budget in place, you will be able to see if your projections for profitability are realistic, if you have more expenses than you can sustain, which locations are meeting or exceeding budget expectations, and other relevant data. A budget may be prepared for the company as a whole or it may be broken down by locations, class, or customer.

As you learned earlier in the text, QuickBooks Online does not require special closing procedures at the end of a period. At the end of the fiscal year, QuickBooks Online transfers the Net Income into Retained Earnings and allows you to protect the data for the year by assigning a closing date to the period. Once a period is closed, all of the transaction detail is maintained and viewable, but it will not be changed unless Yes is clicked on a warning screen.

Even though a formal closing does not have to be performed within QuickBooks Online, when you use accrual-basis accounting, several transactions must be recorded to reflect all expenses and income for the period. For example, bank statements must be reconciled and any charges or bank collections need to be recorded. During the business period, the accountant for the company will review things such as adjusting entries, depreciation schedules, owner's equity adjustments, and so on. The changes and adjustments may be entered directly into the company or they may be made by the accountant using QuickBooks Online Accountant. Once necessary adjustments have been made, reports reflecting the end-of-period results of operations should be prepared.

TRAINING TUTORIAL AND PROCEDURES

Continue to use the Test Drive Company for practice and the fictional company, Your Name's Beach Barkers, to record end-of-period transactions, adjustments, reconciliations, and to assign a closing date. In certain sections of the chapter, transactions, accounts, and other information will need to be entered into the Test Drive Company before you can complete a drill.

Since you prepared adjusting entries in Chapter 5, the Test Drive practice will be limited. The material entered into Your Name's Beach Barkers are more complex than the entries for the Test Drive Company. Because you customized the Equity accounts in Chapter 5 and the Test Drive does not include the accounts, it will not be used for practice when entering transactions using Equity accounts. Instructions are given to guide you through the process. In addition to recording transactions, you will also prepare several reports. Use of Your Name's Beach Barkers will continue in this chapter as you explore the different facets and capabilities of QuickBooks Online.

Just as you did in previous chapters, you will enter additional transactions near the end of the chapter. These transactions are similar to the ones you entered in the Test Drive Company and in Your Name's Beach Barkers so no step-by-step instructions will be given. If you need to refer back to the chapter materials to make the entries, you should feel free to do so.

Pay careful attention to quantities, amounts, and dates as you work through the chapter. A careless error can require a tremendous amount of effort to correct.

DATES

Remember that the year used for the screenshots is 2019. Continue to use the same year that you used in Chapters 2-7. In Chapter 8, the month used will be February. If QuickBooks Online inserts the current date into a transaction, be aware of this. Be sure to use the date indicated in the text.

IMPORTANT NOTE

As previously stated, QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed/Horne Web page.

In addition to permanent changes, Intuit has a practice of introducing new program features to different groups of users at different times. It is highly possible that several students will be selected at random by Intuit to use the new features and others will not. So, if your screen suddenly does not match the text, new features may have been added to QuickBooks Online. If your screen does not match the text or other students' screens, know that you have been selected to test new features.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/Horne** and click on the Student Download Page at the beginning of each chapter.

ADJUSTMENTS FOR ACCRUAL-BASIS ACCOUNTING

As previously stated, the accrual-basis of accounting matches the income and the expenses of a period in order to arrive at an accurate figure for net income or net loss. Thus, the revenue is earned at the time the service is performed or the sale is made no matter when the actual cash is received. Also, an expense is recorded at the time the bill is received or the purchase is made regardless of the actual payment date. Conversely, the cash-basis of accounting records income or revenue at the time cash is received no matter when the sale was made or the service performed and an expense is not recorded until it is paid. In QuickBooks Online, the Accounting Method selected by default in Account and Settings is Accrual. It may be changed to Cash.

When using accrual-basis accounting, there are several internal transactions that must be recorded. These entries are called adjusting entries. Some items used in a business are purchased and or paid for in advance. When this occurs, they are recorded as an asset and are called prepaid expenses. As these are used, they become expenses of the business. Another example for adjusting entries is in regard to equipment. Since it does wear out and will eventually need to be replaced, an adjusting entry is made to allocate the amount of depreciation of the equipment as an expense for a period.

ADJUSTING ENTRIES: PREPAID EXPENSES—DRILL

A prepaid expense is an item that is paid for in advance. Examples of prepaid expenses include: Insurance; Office Supplies and Sales Supplies, which are purchased to have on hand and use as needed. (This is different from supplies that are purchased for immediate use.) As noted earlier, a prepaid expense is an asset until it is used. As the insurance or supplies are used, the amount used becomes an expense for the period. In accrual-basis accounting, an adjusting entry is made in the Journal at the end of the period to allocate the amount of prepaid expenses (assets) used to expenses.

The Test Drive Company does not always have accounts or recorded transactions that are needed to illustrate some of the concepts presented in the text. Prior to recording an adjusting entry for supplies, accounts must be added and a purchase of supplies must be entered.

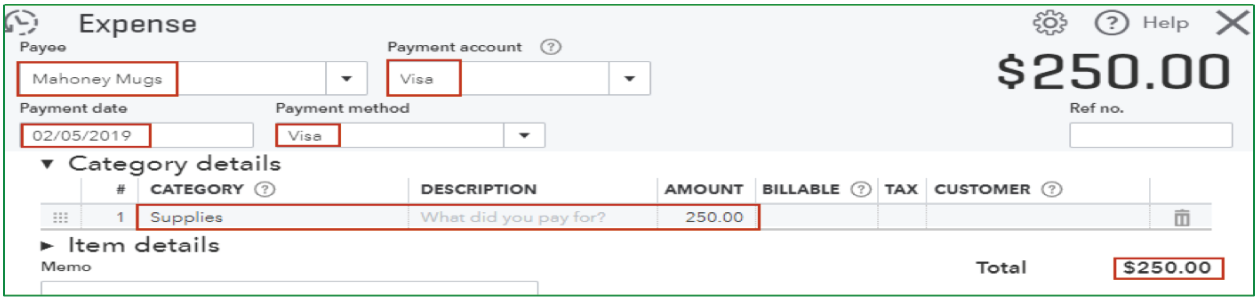
MEMO **DATE**: February 28, 2019 Change the name of the Expense account Supplies to Supplies Expense. Add a new account: Supplies (Category Type: Other Current Assets, Detail type: Prepaid Expenses).
Record the purchase on February 5, 2019 of $250 of Supplies to have on hand from Mahoney Mugs. Record an Expense and pay for the purchase with the company Visa.
At the end of the month, there was $200 of Supplies on hand. Record the monthly adjustment for the amount of supplies used.

DRILL

Open the **Test Drive Company** and add new accounts, record the purchase, and enter the adjustment for supplies

Access the Chart of Accounts as previously instructed
Change the name of the Expense account Supplies to **Supplies Expense**
Create a new Asset account:
    Category Type: **Other Current Assets**
    Detail type: **Prepaid Expenses**
    Name: **Supplies**
Click the **Plus** icon, click **Expense** in the Vendors column
Payee: **Mahoney Mugs**
Account: **Visa**
Payment date: **02/05/19**
Payment method: **Visa**
Category details Line 1: **Supplies** (remember this is an Asset account)
Amount: **250**

- Remember, that in the screenshots shown in the text, some of the unused areas of business forms have been removed.



Click **Save and close**

- Do you remember the keyboard shortcut **Ctrl+Alt+D** to save and close?

Click the **Plus** icon

Click **Journal Entry** in the Other column

- As you remember from recording adjusting entries in Chapter 5, a Journal Entry requires both a debit and a credit just as you did when you recorded a General Journal Entry in your concepts course.

Enter the date: **02/28/19**, press **Tab**

- The Journal Entry number **1** is shown.

Line 1: Click in the ACCOUNT text box, click the drop-down list arrow, scroll through the accounts, and click the Expense account **Supplies Expense**

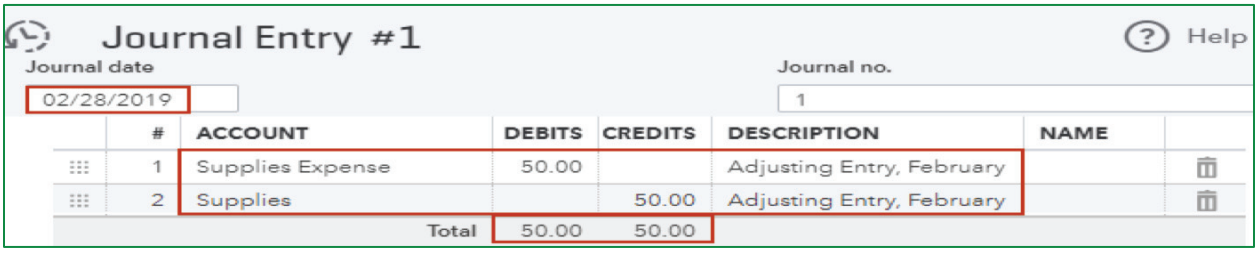
- Calculate the amount of the adjusting entry: Supplies Purchased $250 – Supplies On hand $200 = $50 Supplies Used.

Tab to DEBITS, and enter the amount of the adjusting entry **50**

Tab to DESCRIPTION, enter **Adjusting Entry, February**

Line 2: Tab to or click in ACCOUNT, scroll through the accounts, click **Supplies**

- The Credits of 50 and the Description are automatically entered by QuickBooks Online. If they do not appear automatically, simply enter them as instructed for the Debits entry.
- This adjusting entry decreases the asset Supplies (a prepaid expense) by $50 and increases the expense Supplies Expense.



Click **Save and close**

Close the Test Drive Company

ADJUSTING ENTRIES: PREPAID EXPENSES—DO

As you reviewed in the drill, a prepaid expense is an item that is paid for in advance. In accrual-basis accounting, a Journal Entry is recorded at the end of the period to allocate the amount of prepaid expenses (assets) used to expenses.

MEMO
DATE: February 28, 2019

Journal Entry 19: Record the adjusting entry for the use of $100 of Office Supplies.
Journal Entry 20: After taking inventory, you calculate that you have $1,936 of Kennel Supplies on hand. Calculate the amount of supplies used and record the adjusting entry.

DO

Open **Your Name's Beach Barkers** and record adjusting entries for prepaid expenses

Click the **Plus** icon
Click **Journal Entry** in the Other column
Enter the date: **02/28/19**, press **Tab**

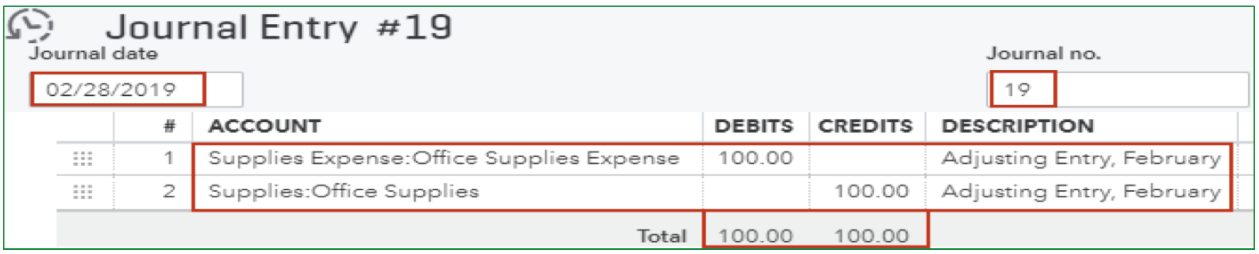
- The Journal Entry number **19** is shown.

Click in the ACCOUNT text box for Line 1

- This adjusting entry is to record the amount of Office Supplies used for the month.

Click the drop-down list arrow, scroll through the accounts, and click **Office Supplies Expense** (a subaccount of Supplies Expense)
Tab to DEBITS, and enter the amount of the adjusting entry **100**
Tab to DESCRIPTION, enter **Adjusting Entry, February**
Tab to or click in ACCOUNT in Line 2, scroll through the accounts, click **Office Supplies** (a subaccount of the asset Supplies)

- The Credits and the Description are automatically entered by QuickBooks Online. If they do not appear automatically, simply enter them as instructed for the Debits entry.
- This adjusting entry decreases the asset Office Supplies by $100 and increases the expense Office Supplies Expense by $100.
- The screenshots for Journal entries, will not show the columns for Name, Location, or Class because they are not used in the adjusting entries.


Journal Entry #19

Journal date: 02/28/2019 Journal no.: 19

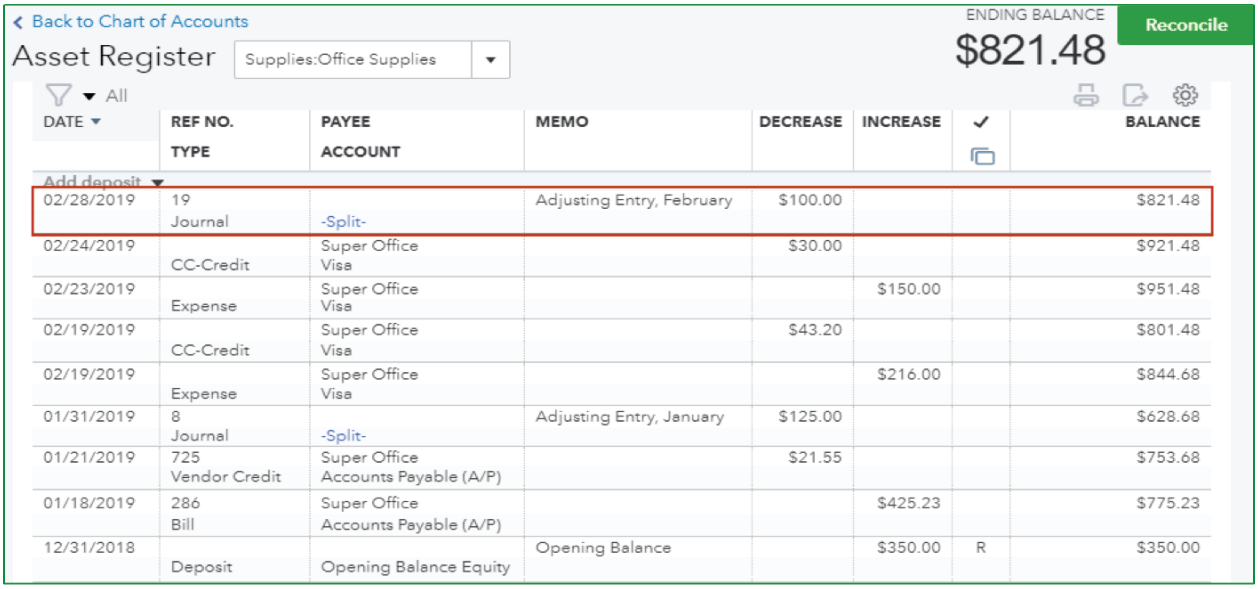
#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION
1	Supplies Expense:Office Supplies Expense	100.00		Adjusting Entry, February
2	Supplies:Office Supplies		100.00	Adjusting Entry, February
	Total	100.00	100.00	

Click **Save and close**

- If the Save command you want to use does not show, click the drop-down list arrow, and then, click the correct command; or use the keyboard shortcut of **Ctrl+Alt+D** to close the screen.

Open the Chart of Accounts as previously instructed, and then click **View Register** for the subaccount of Supplies: **Office Supplies**

- The following screenshot shows the register in reverse chronological order. If your register shows in chronological order, click the column heading DATE to reverse.
- The Class/Location column is not shown in the following screenshot.



Back to Chart of Accounts

Asset Register — Supplies:Office Supplies

ENDING BALANCE $821.48 — Reconcile

All

DATE	REF NO. / TYPE	PAYEE / ACCOUNT	MEMO	DECREASE	INCREASE	✓	BALANCE
Add deposit							
02/28/2019	19 Journal	-Split-	Adjusting Entry, February	$100.00			$821.48
02/24/2019	CC-Credit	Super Office Visa		$30.00			$921.48
02/23/2019	Expense	Super Office Visa			$150.00		$951.48
02/19/2019	CC-Credit	Super Office Visa		$43.20			$801.48
02/19/2019	Expense	Super Office Visa			$216.00		$844.68
01/31/2019	8 Journal	-Split-	Adjusting Entry, January	$125.00			$628.68
01/21/2019	725 Vendor Credit	Super Office Accounts Payable (A/P)		$21.55			$753.68
01/18/2019	286 Bill	Super Office Accounts Payable (A/P)			$425.23		$775.23
12/31/2018	Deposit	Opening Balance Equity	Opening Balance		$350.00	R	$350.00

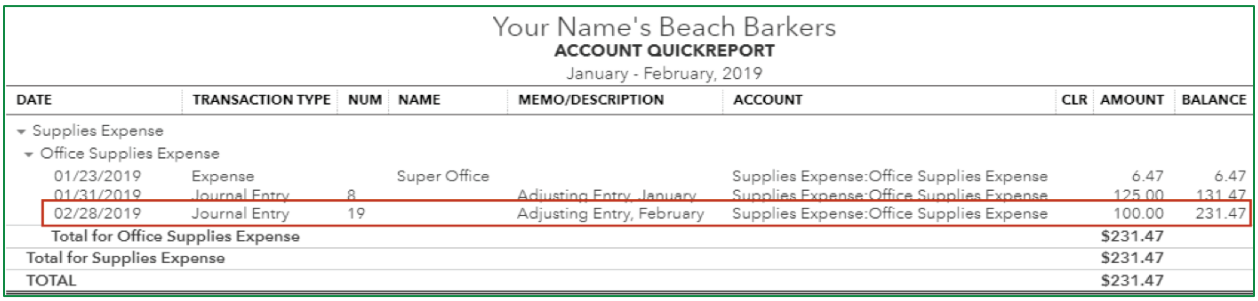
- You will see all the transactions for Supplies:Office Supplies from the Opening Balance to Journal Entry 19.
- For the Journal entries, rather than see the Account name, you see -Split-. This means that the transaction was split between two or more accounts. In this case, Office Supplies Expense and Office Supplies were the accounts used.
- While the account register is shown, look at the entries that have been recorded for Office Supplies. If an entry does not match, click the transaction and correct the error.
- If you are missing an entry, return to the Chart of Accounts and run the report for Office Supplies Expense to see if you recorded the transaction in the wrong account. If so, click on the transaction and change the account name.

Click **<Back to Chart of Accounts** (just above the words Asset Register)

Scroll down to the Office Supplies Expense account, click **Run report**

On the Account QuickReport, click the drop-down list arrow for **Report period**, click **Custom**, enter From: **01/01/19** To: **02/28/19**, click **Run Report**

- View the transactions for the account and note the adjusting entry for February. As you did for the asset Office Supplies, check your report to see if your transactions match the ones shown below. If not, correct the transaction.



Your Name's Beach Barkers
ACCOUNT QUICKREPORT
January - February, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	CLR	AMOUNT	BALANCE
Supplies Expense								
Office Supplies Expense								
01/23/2019	Expense		Super Office		Supplies Expense:Office Supplies Expense		6.47	6.47
01/31/2019	Journal Entry	8		Adjusting Entry, January	Supplies Expense:Office Supplies Expense		125.00	131.47
02/28/2019	Journal Entry	19		Adjusting Entry, February	Supplies Expense:Office Supplies Expense		100.00	231.47
Total for Office Supplies Expense							$231.47	
Total for Supplies Expense							$231.47	
TOTAL							$231.47	

Reopen the **Chart of Accounts**

Prior to recording the Journal Entry for Kennel Supplies, calculate the amount of the adjusting entry

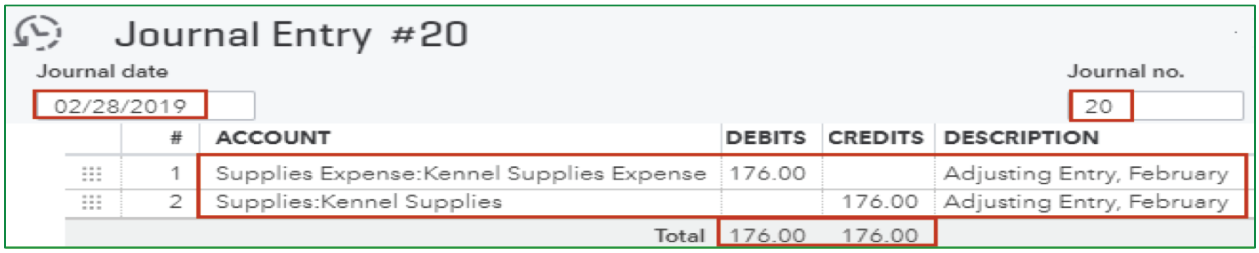
- The transaction for Office Supplies states that the amount of supplies used is $100. That is the amount of the adjustment that you recorded.

- The transaction for Kennel Supplies states that the amount of supplies on hand is $1,936. That is the amount of the account balance after recording the adjustment.

With the Chart of Accounts open, look at the balance of the asset Kennel Supplies

- Do the math: Account balance minus the amount of supplies on hand equals the amount of the adjusting entry. ($2,112 - $1,936 = $176)

Record Journal Entry 20 as previously instructed
Date: **02/28/19**
Journal no.: **20**
Line 1: Account: **Kennel Supplies Expense**, Debit: **176**, Description: **Adjusting Entry, February**
Line 2: Account: **Kennel Supplies**, Credit: **176,** Description: **Adjusting Entry, February**


Journal Entry #20

Journal date: 02/28/2019 Journal no.: 20

	#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION
⋮⋮	1	Supplies Expense:Kennel Supplies Expense	176.00		Adjusting Entry, February
⋮⋮	2	Supplies:Kennel Supplies		176.00	Adjusting Entry, February
		Total	176.00	176.00	

Click **Save and close** (Ctrl+Alt+D)
Do not close Your Name's Beach Barkers, complete the next section

ADJUSTING ENTRIES: DEPRECIATION—DO

Equipment and other long-term assets lose value over their lifetime. To account for the fact that machines wear out and need to be replaced, an adjustment is made for depreciation. This adjustment correctly matches the expenses of the period against the revenue of the period.

Because you entered the adjustments for depreciation in Chapter 5 and the Test Drive Company requires extra transactions in order to practice, you will not complete a drill in this section.

8

MEMO
DATE: February 28, 2019

Record a compound Journal Entry No. 21: one month's depreciation for Kennel Equipment, $170; and one month's depreciation for Furniture & Fixtures, $125.

DO

Continue to use **Your Name's Beach Barkers** to record adjustments for depreciation

Record a compound Journal Entry for the depreciation of Kennel Equipment and Furniture & Fixtures

- If necessary, open the Chart of Accounts.

Click **View Register** for Kennel Equipment: Depreciation account

- Typically, depreciation would be entered once a year; however, in the text, we are entering it each month.
- Note the amount of the Adjusting Entry for January of $170. You will enter the same amount for February.

Click **<Back to Chart of Accounts**

Click **View Register** for the Furniture & Fixtures: Depreciation account

- Note the amount of the Adjusting Entry for January of $125. You will enter the same amount for February.

Open a **Journal Entry** as previously instructed

- A blank screen for Journal no. 21 should open.

Date: **02/28/19**
Journal Entry: **21**

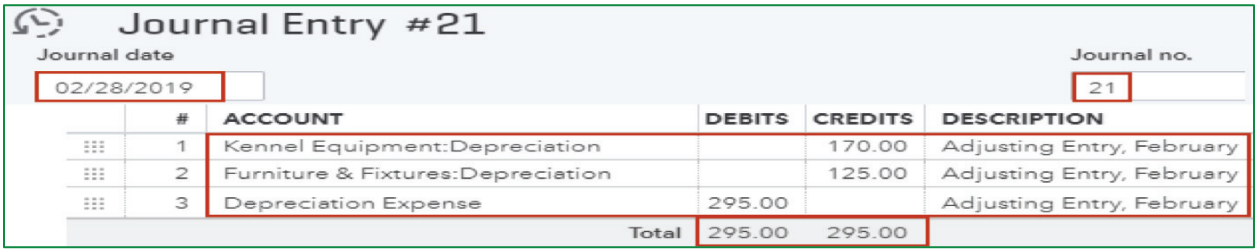
- It is possible to enter two adjusting entries in the same Journal entry. This is called a compound entry.
- To use the power of the program, the Credits entries to each fixed asset depreciation account will be entered first. Then, the Debits entry for the total amount of Depreciation Expense will be entered.

Line 1: Account: **Kennel Equipment:Depreciation**
Click in the **CREDITS** column, and enter **170**
Description: **Adjusting Entry, February**
Line 2: Account: **Furniture & Fixtures:Depreciation**, Credits: **125**, Description: **Adjusting Entry, February**

- QuickBooks Online will enter 125 as a Debit. Disregard this. QuickBooks will change this when you enter the credit amount and press Tab.
- Description should be entered automatically.

Line 3: Account: **Depreciation Expense**, Debits: **295**, Description: **Adjusting Entry, February**

- QuickBooks Online should automatically calculate the amount of Depreciation Expense, enter it in the Debits column, and enter the Description.



Journal Entry #21

Journal date: 02/28/2019 Journal no.: 21

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION
1	Kennel Equipment:Depreciation		170.00	Adjusting Entry, February
2	Furniture & Fixtures:Depreciation		125.00	Adjusting Entry, February
3	Depreciation Expense	295.00		Adjusting Entry, February
	Total	295.00	295.00	

Click **Save and close**
Close Your Name's Beach Barkers

INVENTORY ADJUSTMENTS—DRILL

QuickBooks Online Plus is the only online version of QuickBooks Online that can track inventory. Beginning inventory quantities were added for each product in Chapter 2. Then, in Chapters 6 and 7, you actively started to use inventory tracking. New inventory items and quantities were added. When inventory was purchased, the quantities on hand increased; when merchandise was sold, the quantities on hand decreased.

When adding a new inventory item, it is possible to make an error when entering the starting value of the item. This may be adjusted to change the starting quantity, cost, and/or date if you added the item without preparing a purchase order or a bill. If the new item was added and no value, quantity, or other information was entered until you received the items and recorded the receipt, you may make the change directly on the forms used; i.e., purchase order, bill, or payment.

Also, there may be other instances when the quantity of the inventory on hand needs to be adjusted. This might be due to recording an incorrect amount of inventory received or sold, finding that inventory was damaged or misplaced, among other reasons. A Cost of Goods Sold account, Inventory Shrinkage, is added by QuickBooks Online and is used to record the change in quantity.

MEMO
DATE: February 28, 2019 Add a new Inventory Item: Timers (Name, Sales information, and Purchase information), Initial quantity on hand: 25; As of date: 12/31/18; Reorder Point: 25, Sales price: 50; Is taxable, Sales tax category: Retail; What you sell: Taxable Retail Items; Cost 20. Use the accounts provided by QuickBooks Online.
Change the Inventory Starting Value information for Timers. Quantity: 30, As of date: 01/01/19; Cost: 25.
Discovered two cracked pumps. Adjust the number of Pumps on hand from 25 to 23.

DRILL

Open the **Test Drive Company** and record the inventory adjustments

Add a New Inventory Item

In order to practice inventory starting value adjustments, you need to add a new inventory item.

Use the **Test Drive Company** and add the new inventory item, Timers

Open the Products and Services List
Click the **New** button, click **Inventory**
Enter the information provided in the Memo:
Name, Sales information, and Purchase information: **Timers**
Initial quantity on hand: **25**
As of date: **12/31/18**
Reorder point: **25**
Use the accounts provided by QuickBooks Online: **Inventory Asset**, **Sales of Product Income**, and **Cost of Goods Sold**
Sales price: **50**
Is taxable: should have a check
Sales tax category: **Retail**
What you sell: **Taxable Retail Items**
Cost: **20**
Click **Save and close**

- Note that the Reorder point is in orange.

NAME	TYPE	SALES DESCRIPTION	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Timers	Inventory	Timers	50	20	✓	25	25	Edit

Continue to the next section

8

Adjust Inventory Starting Value, Quantity, and Date

There are three ways to change the Inventory Starting Value information. In the drill, you will do this by preparing the Inventory Valuation Detail report, and clicking on the transaction for Inventory Starting Value. You may now change the starting quantity, rate, and date. The other method, which will be used in the DO section, is to open the Product and Services List, click Edit for the item, and click Starting Value. The third way is open the Product and Services List, click the drop-down list arrow in the item's ACTION column, and click Starting Value. This type of adjustment is made only for starting values. If there are changes to quantities due to damage, errors in recording, theft, or other reasons, you adjust the inventory quantity.

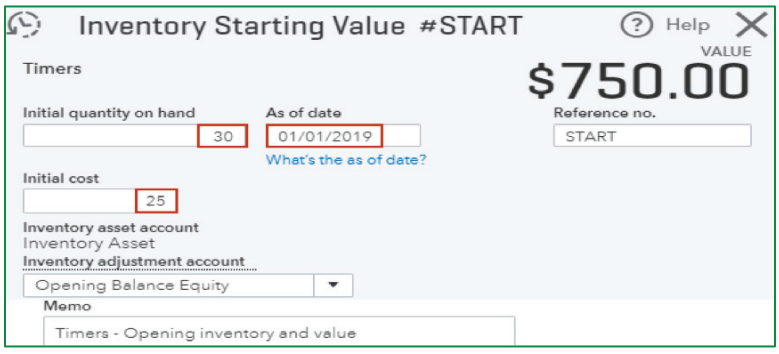
Continue to use the **Test Drive Company** to adjust the starting value, quantity, and date for Timers

Click **Reports** on the Navigation bar, scroll through the Standard reports until you see the **Sales and customers**, category, click the **Inventory Valuation Detail** report
Date: From: **12/31/18** To: **Current Date**, click **Run Report**
Scroll through the report until you get to **Timers**
Click the transaction line for **Inventory Starting Value**

DATE	TRANSACTION TYPE	NUM	QTY	RATE	FIFO COST	QTY ON HAND	ASSET VALUE
Timers							
12/31/2018	Inventory Starting Value	START	25.00	20.00	500.00	25.00	500.00
Total for Timers			25.00		$500.00	25.00	$500.00

- This will open the Inventory Starting Value #START form.

Change the Inventory Starting Value using the information in the Memo
Change Initial quantity on hand from 25 to **30**
Change As of date from 12/31/18 to **01/01/19**
Change Initial Cost from 20 to **25**
Inventory asset account: **Inventory Asset** (no change)
Inventory adjustment account: **Opening Balance Equity** (no change)



- When inventory is added without preparing a bill and paying for it, a starting inventory value is created. The starting value of an inventory item is always added to the Opening Balance Equity account. Remember, Inventory Asset is increased by the amount of the new inventory item and Opening Balance Equity is also increased by the value of the new item.
- If you add a new inventory item, record a bill, and pay for the item, an inventory starting value transaction is not recorded and the Opening Balance Equity account is not used. You would make changes to the bill payment and then the bill to correct.

Click **Save and close**
Do not close the Test Drive Company, continue to the next section

Adjust Inventory Quantities

There are three ways to access the Inventory Quantity Adjustment form to change inventory quantities. One way is to open the Products and Services List, click Edit for the item, and click Quantity. The second way is open the Product and Services List, click the drop-down list arrow in the item's ACTION column, and click Adjust Quantity. The third way is to click the Plus icon and click Inventory Qty Adjustment in the Other column. The drill will access the Inventory Quantity Adjustment form by using the Plus icon.

Continue to use the **Test Drive Company** to record the quantity adjustment for Pumps

Click the **Plus** icon, click **Inventory Qty Adjustment** in the Other column
Use the **Current Date** for the drill
Inventory adjustment account: **Leave blank** the first time you make an Inventory Quantity Adjustment

- The Inventory Shrinkage account is added automatically by QuickBooks Online the first time you enter an adjustment. If you click the drop-down list arrow the first time you record an adjustment, the account may not be shown in the Inventory adjustment account list. If you try to add the account, QuickBooks Online tells you that there is already an account with that name. To trigger the activation and inclusion of the account, leave the Inventory adjustment account blank the first time you enter a transaction for a quantity adjustment.

Line 1: Click in the PRODUCT text box, click the drop-down list arrow, click **Pump**
Tab to or click in NEW QTY, enter **23**, press **Tab**

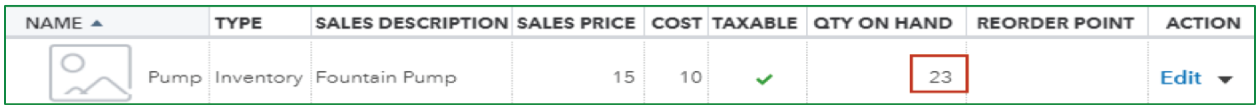
- Notice that CHANGE IN QTY shows -2.

Click **Save and close**

- This will trigger the activation of the Inventory Shrinkage account.

Open the Chart of Accounts, verify that the Cost of Goods Sold: Inventory Shrinkage account is shown

Open the Products and Services List and verify the Quantity


NAME TYPE SALES DESCRIPTION SALES PRICE COST TAXABLE QTY ON HAND REORDER POINT ACTION
Pump Inventory Fountain Pump 15 10 23 Edit

Close the Test Drive Company

INVENTORY VALUATION SUMMARY REPORT—DO

Prior to making changes to inventory items, it is helpful to prepare the Inventory Valuation Summary or Inventory Valuation Detail report. The Inventory Valuation Summary report shows the quantity on hand, value, and average cost for each inventory item. To see the transactions for the individual inventory items, you click the item to drill-down to the item's detailed information.

DO

Open and use **Your Name's Beach Barkers** to prepare the Inventory Valuation Summary report

Open **Reports**, use **Custom reports**, click **Inventory Valuation Summary**
Enter the date for As of: **02/28/19**, click **Run Report**

- Notice the quantity and asset value for the item Dog Beds.

Your Name's Beach Barkers
INVENTORY VALUATION SUMMARY
As of February 28, 2019

	SKU	QTY	ASSET VALUE	CALC. AVG
Bones		331.00	662.00	2.00
Books		250.00	750.00	3.00
Brushes		61.00	305.00	5.00
Collars		640.00	6,400.00	10.00
Dog Beds		51.00	1,020.00	20.00
Dog Cages		38.00	950.00	25.00
Dog Dishes		25.00	125.00	5.00
Dog Food-Canned		463.00	1,157.50	2.50
Dog Food-Dry		394.00	2,758.00	7.00
Dog Snacks		176.00	176.00	1.00
Leashes		442.00	4,420.00	10.00
Sweaters		318.00	4,770.00	15.00
Toys & Treats		3,463.00	6,926.00	2.00
Vitamins		445.00	1,335.00	3.00
TOTAL			$31,754.50	

Print in Portrait orientation, export, and/or send/submit as previously instructed

- If you save the report, name it: **1-Your Name Inventory Val Sum Ch 8**

Do not close Your Name's Beach Barkers

INVENTORY ADJUSTMENTS—DO

As was presented in the drill, QuickBooks Online Plus is the only online version of QuickBooks Online that can track inventory. Beginning inventory quantities and values were added for each product in Chapter 2; then, in Chapters 6 and 7 inventory tracking was used extensively. In those chapters, you added additional inventory items and quantities. When merchandise was sold, the quantities on hand decreased; and, when inventory items were purchased, the quantities on hand increased.

When adding a new inventory item, it is possible to make an error when entering the starting value information for the new item. Adjustments may be made to change the starting quantity, cost, and/or date. Starting values are entered when you add an inventory item and a quantity without entering a bill or a payment for the merchandise. As an example, in Chapter 6, Dog Beds and Dog Snacks were added as new items with quantities on hand. This created a starting value. However, in Chapter 7, you added a new inventory item Books with a quantity of 0. As a result, no starting value was entered.

There may be other instances not associated with the starting values when the quantity of the inventory on hand needs to be adjusted. This might be due to recording an incorrect amount of inventory received or sold, finding that inventory was damaged or misplaced, and other reasons.

MEMO **DATE**: February 28, 2019 Two dog beds had bleach spilled on them. Reduce the inventory quantity for Dog Beds.
You want to sell towels that have the Beach Barkers Logo on them. Add a new inventory item: Towels; Quantity: 25; As of: 2/20/19; Reorder Point: 25, Sales Price 20, Is taxable, Sales tax category: Retail; What you sell: Taxable Retail Items; Cost 5. Use accounts provided by QBO.
Realized that an error was made when adding the new item Towels. Adjust the Inventory Starting Value to Quantity: 30: As of: 02/28/19; Cost 6.

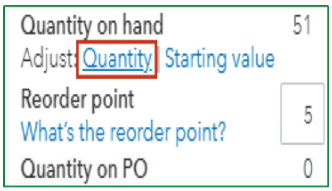
DO

Open **Your Name's Beach Barkers** and record the inventory adjustments

Adjust Inventory Quantities

There are three ways to access the Inventory Quantity Adjustment form to change inventory quantities. The drill used the method of clicking the Plus icon, clicking Inventory Qty Adjustment in the Other column, and making the adjustment. This section will edit the inventory item in the Products and Services List, click Quantity, and enter the adjustment. In the Products and Services List, you may also click the drop-down list arrow for the item's ACTION column, and click Adjust quantity.

Use **Your Name's Beach Barkers** and adjust the quantity of Dog Beds



Open the Products and Services List, click **Edit** for Dog Beds
Click **Quantity** on the Product/Service information screen
Adjustment date: **02/28/19**
Inventory adjustment account: **Leave blank** the first time you make an Inventory Quantity Adjustment

- Just as you learned in the Test Drive Company, the account is added by QuickBooks Online. The first time you enter an adjustment and click the drop-down list arrow the account may not be shown in the Inventory adjustment account list. If you try to add the account, QuickBooks Online tells you that there is already an account with that name. To trigger the activation and inclusion of the account, leave the Inventory adjustment account blank the first time you enter a transaction for a quantity adjustment.

Accept whatever number QBO assigns to the Inventory Quantity Adjustment and the Reference no.

- The screen shot shows 15. If you wish to match the screen shot and received a different number, enter 15 as the Reference no., press Tab.

Line 1: click in NEW QTY, enter **49**, press **Tab**

- Because you went to the Inventory Quantity Adjustment through the actual product, the PRODUCT text box already shows Dog Beds.
- Notice that CHANGE IN QTY shows -2.

Click **Save and close**

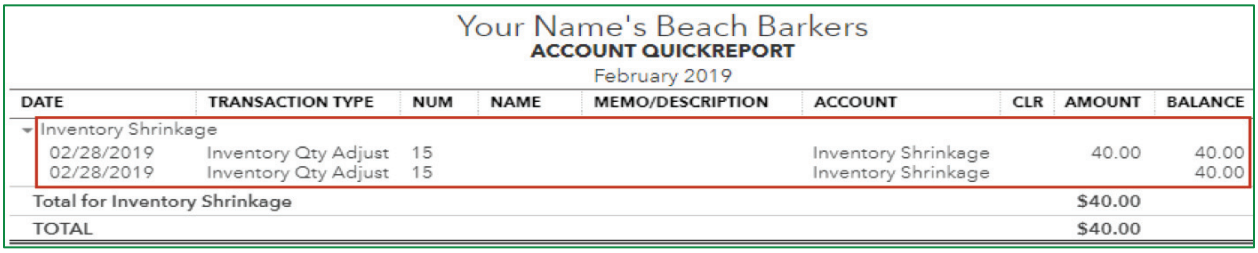
- This should trigger the activation and the inclusion of the Inventory Shrinkage account.

Verify the Quantity in the Products and Services List

NAME TYPE SALES DESCRIPTION INCOME ACCOUNT SALES PRICE COST TAXABLE QTY ON HAND REORDER POINT ACTION
Dog Beds Inventory Dog Beds Sales of Product Income 65 20 49 5 Edit

Open the Chart of Accounts, scroll down to **Inventory Shrinkage** in the Cost of Goods Sold section of accounts, and then click **Run Report** to verify the adjustment

Report period: **Custom**
Dates From: **020119** To: **022819**


Your Name's Beach Barkers
ACCOUNT QUICKREPORT
February 2019
DATE TRANSACTION TYPE NUM NAME MEMO/DESCRIPTION ACCOUNT CLR AMOUNT BALANCE
Inventory Shrinkage
02/28/2019 Inventory Qty Adjust 15 Inventory Shrinkage 40.00 40.00
02/28/2019 Inventory Qty Adjust 15 Inventory Shrinkage 40.00
Total for Inventory Shrinkage $40.00
TOTAL $40.00

- The dog beds cost $20 each. As a result, the cost for the decrease in the quantity was added to the Inventory Shrinkage account.

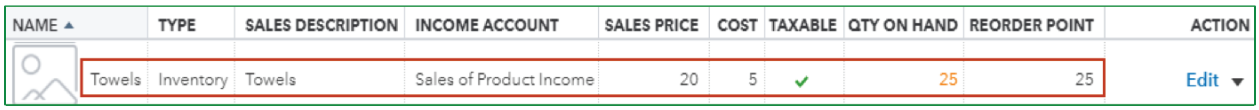
Do not close Your Name's Beach Barkers

Add a New Inventory Item

Add a new inventory item to use in adjusting the Inventory Starting Values

Use **Your Name's Beach Barkers** and add the new inventory item, Towels

Open the Products and Services List
Click the **New** button, click **Inventory**
Enter the information provided in the Memo:
Name, Sales information, and Purchase information: **Towels**
Initial quantity on hand: **25**
As of date: **02/20/19**
Reorder point: **25**
Use the accounts provided by QuickBooks Online
Sales price: **20**
Is taxable: should have a check
Sales tax category: **Retail**
What you sell: **Taxable Retail Items**
Cost: **5**



NAME	TYPE	SALES DESCRIPTION	INCOME ACCOUNT	SALES PRICE	COST	TAXABLE	QTY ON HAND	REORDER POINT	ACTION
Towels	Inventory	Towels	Sales of Product Income	20	5	✓	25	25	Edit

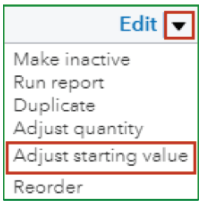
Click **Save and close**
Do not close the Products and Services List or Your Name's Beach Barkers, continue to the next section

Adjust Inventory Starting Value, Quantity, and Date

As with quantity adjustments, there are three ways to change the Inventory Starting Value. In the drill you prepared the Inventory Valuation Detail report, clicked on the transaction for Inventory Starting Value, and changed the starting quantity, rate, and date. In this section, you will use another method. You will access the item in the Product and Services List, click the drop-down list arrow in the item's ACTION column, and click Starting Value. The third way is to open the Product and Services List, click Edit for the item, and click Starting Value. Remember, this type of adjustment is made only for starting values. If there are changes to quantities due to damage, errors in recording, theft, or other reasons, you adjust the inventory quantity.

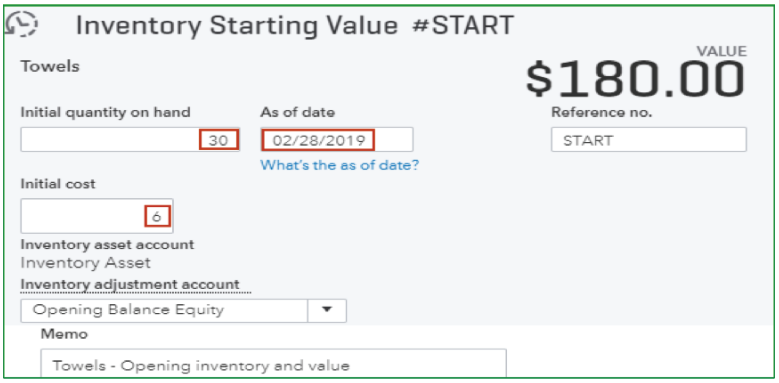
Use **Your Name's Beach Barkers** and adjust the Starting Value for Towels

With the Products and Services List showing on the screen, click the drop-down list arrow in the ACTION column for **Towels**



In the Adjust section, click **Adjust Starting value**
On the *Hold on!* message, click **Got it!**
- This will open the Inventory Starting Value #START form.

Change the Inventory Starting Value using the information in the Memo
Change Initial quantity on hand from 25 to **30**
Change As of date from 02/20/19 to **02/28/19**
Change Initial Cost from 5 to **6**
Inventory asset account: **Inventory Asset** (no change)
Inventory adjustment account: **Opening Balance Equity** (no change)
- Text boxes for Class and Location were removed from the screenshot.
- When inventory is added without preparing a bill and paying for it, a starting inventory value is created. The starting value of an inventory item is always added to the Opening Balance Equity. Remember, both Inventory Asset and Opening Balance Equity are increased by the amount of the new inventory item.



- If you add a new inventory item, record a bill, and pay for the item, an inventory starting value transaction is not recorded and the Opening Balance Equity account is not used.

Click **Save and close**
Do not close Your Name's Beach Barkers

INVENTORY VALUATION DETAIL REPORT—DO

Whenever you make changes to inventory quantities, starting values, or other changes, it is important to prepare Inventory Valuation Summary and/or Inventory Valuation Detail reports to see the changes made. The Inventory Valuation Detail report lists transactions for each inventory item within the report dates. Information provided in the report includes transactions made for adjustments and shows how transactions affected quantity on hand, value, and cost.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Inventory Valuation Detail report

Open **Reports**, scroll to the **Sales and customers** category, click **Inventory Valuation Detail**
Enter the Dates From: **02/01/19** To: **02/28/19**, click **Run Report**
Click the **Gear** (Settings) icon on the report, click the **Name** column to remove it from the report

- Scroll through the report and note the Inventory Qty Adjustment to Dog Beds and the Inventory Starting Value for Towels.
- If you wanted to see the Inventory Starting Value of the original inventory items, you would use 12/31/18 as the From Date.

Your Name's Beach Barkers
INVENTORY VALUATION DETAIL
February 2019

DATE	TRANSACTION TYPE	NUM	QTY	RATE	FIFO COST	QTY ON HAND	ASSET VALUE
Dog Beds							
Beginning Balance						5.00	100.00
02/03/2019	Invoice	1058	-1.00	20.00	-20.00	4.00	80.00
02/04/2019	Sales Receipt	1063	-1.00	20.00	-20.00	3.00	60.00
02/12/2019	Invoice	1066	-1.00	20.00	-20.00	2.00	40.00
02/12/2019	Invoice	1069	-1.00	20.00	-20.00	1.00	20.00
02/13/2019	Credit Memo	1074	1.00	20.00	20.00	2.00	40.00
02/13/2019	Invoice	1076	-1.00	20.00	-20.00	1.00	20.00
02/18/2019	Bill	2901	25.00	20.00	500.00	26.00	520.00
02/18/2019	Bill		27.00	20.00	540.00	53.00	1,060.00
02/19/2019	Vendor Credit	1596	-2.00	20.00	-40.00	51.00	1,020.00
02/28/2019	Inventory Qty Adjust	15	-2.00	20.00	-40.00	49.00	980.00
Total for Dog Beds			44.00		$880.00	49.00	$980.00
Towels							
02/28/2019	Inventory Starting Value	START	30.00	6.00	180.00	30.00	180.00
Total for Towels			30.00		$180.00	30.00	$180.00

Partial Report

Customize the Footer as previously instructed
Print in Portrait orientation, export, and/or send/submit as previously instructed

- If you save the report, name it: **2-Your Name Inventory Val Detail Ch 8**

Do not close Your Name's Beach Barkers

AUDIT LOG—DO

In order to monitor the company file, QuickBooks Online provides an Audit Log. The Audit Log allows you to view information regarding the events that have occurred in the company. This

includes users who accessed and added or edited transactions, settings, reconciliations, sales customizations, and other information.

DO

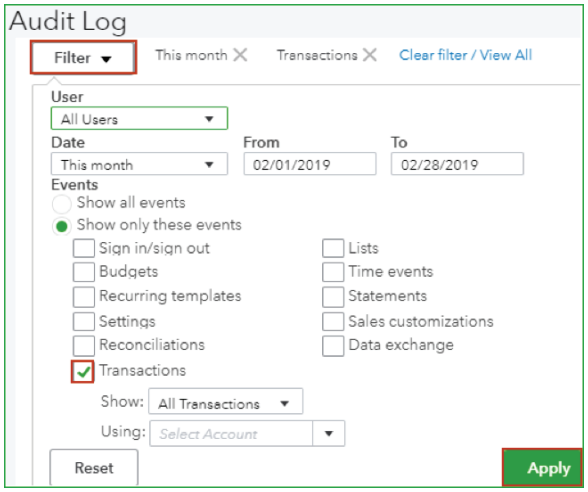
Continue to use **Your Name's Beach Barkers** to prepare view the Audit Log

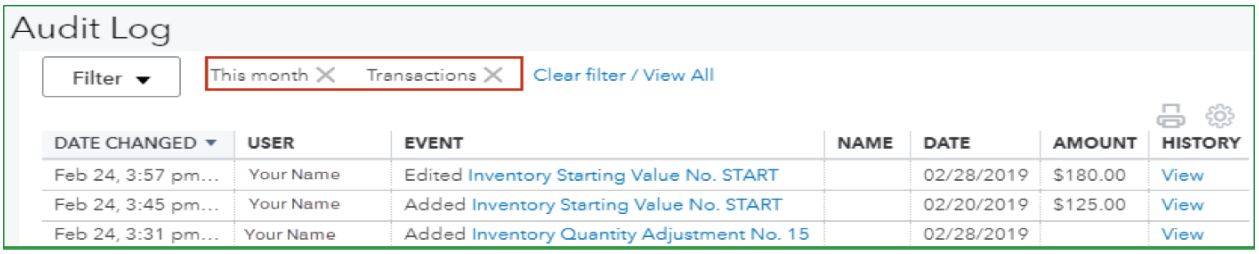
Click the **Gear** icon
In the Tools column, click **Audit Log**

- You will see all the events for the current month. This includes showing any and all users who logged in to the company file, transactions that were added, edited, voided, or deleted, deposits, reconciliations, and changes to settings, among others.

Click the drop-down list arrow for **Filter**
Click the check box for **Transactions**, click **Apply**

- You will now see all the transactions for the month.





- As with other reports, the Audit Log may be printed.

Do not close Your Name's Beach Barkers

TRANSFER OPENING BALANCE EQUITY INTO CAPITAL ACCOUNT—DO

As you may remember from your work in Chapter 5, QuickBooks Online enters all of the values for opening balances into the Opening Balance Equity account. In Chapter 5, you transferred the entire amount of Opening Balance Equity into Your Name, Capital. However, in Chapter 6, you created two new inventory items with quantities—Dog Beds and Dog Snacks— and you just added a new inventory item, Towels, with quantities. Because you added these items without recording a bill or making a payment, the starting values for the items were added to the Inventory Asset and Opening Balance Equity accounts. It is appropriate to transfer the amount of Opening Balance Equity into Your Name, Capital.

DO

Use **Your Name's Beach Barkers** and transfer the Opening Balance Equity into Capital

Open the Chart of Accounts, scroll down until you see the Opening Balance Equity Account

- You should see a balance of $480.

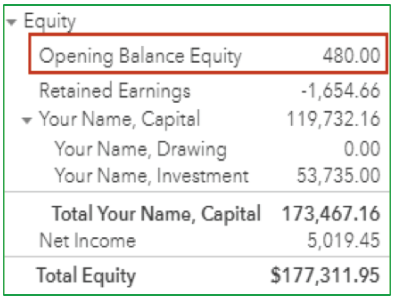
Click **View Register** for Opening Balance Equity, and scroll through the register

- Note the addition of Towels on 2/28/19 and Dog Beds and Dog Snacks on 12/31/18.

Click **Reports** on the Navigation bar

Prepare your **Customized Balance Sheet** report for **02/01/19** to **02/28/19**, and then click **Run Report**

Scroll to the Equity section to view the Opening Balance Equity account balance of $480



Click the **Plus** icon, click **Journal Entry** in the Other column

Journal date: **02/28/19**

Journal no.: **22**

Line 1: Click in the text box for ACCOUNT, click the drop-down list arrow, and click **Opening Balance Equity**

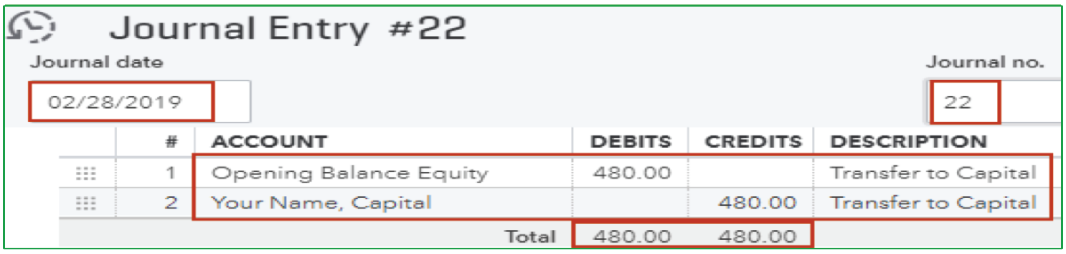
Tab to DEBITS, enter **480**

- This is the balance of the account. Remember, Opening Balance Equity has a credit balance. To move the balance to capital, you would debit the account to decrease it.

Tab to DESCRIPTION, enter **Transfer to Capital**

Line 2: ACCOUNT: **Your Name, Capital**

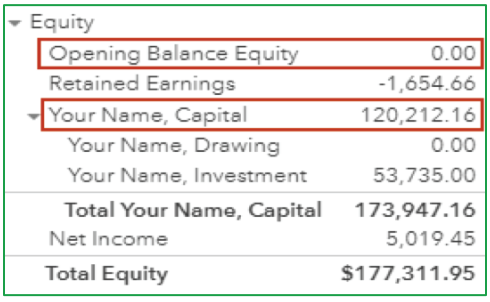
- The CREDITS should automatically show 480 and the DESCRIPTION should automatically be entered.
- Your Name, Capital is your equity account and the opening balance equity is being transferred into it. Remember, an increase in an equity account is recorded with a credit.



Click **Save and close**

View the change to the Equity section of the Balance Sheet that is still on the screen

- Make sure the report dates are still 02/01/19 to 02/28/19.
- The Opening Balance Equity shows a balance of 0.00. Your Name, Capital changed from $119,722.16 to $120,212.16, which is an increase of $480.



Do not close Your Name's Beach Barkers

OWNER WITHDRAWALS—DO

As you practiced and entered in Chapter 5, an owner cannot receive a paycheck because he or she owns the business. In order to provide money to the owner, a withdrawal is made. The withdrawal decreases the amount of cash in the business and the balance of the owner's capital account. Since you already recorded owner withdrawals in Chapter 5, you will not do a drill before recording your semi-monthly withdrawal.

MEMO
DATE: February 27, 2019

You were so busy that you forgot to take your semi-monthly withdrawal in the middle of the month. Record your semi-monthly withdrawal of $500.

DO

Continue to use **Your Name's Beach Barkers** and record an owner withdrawal

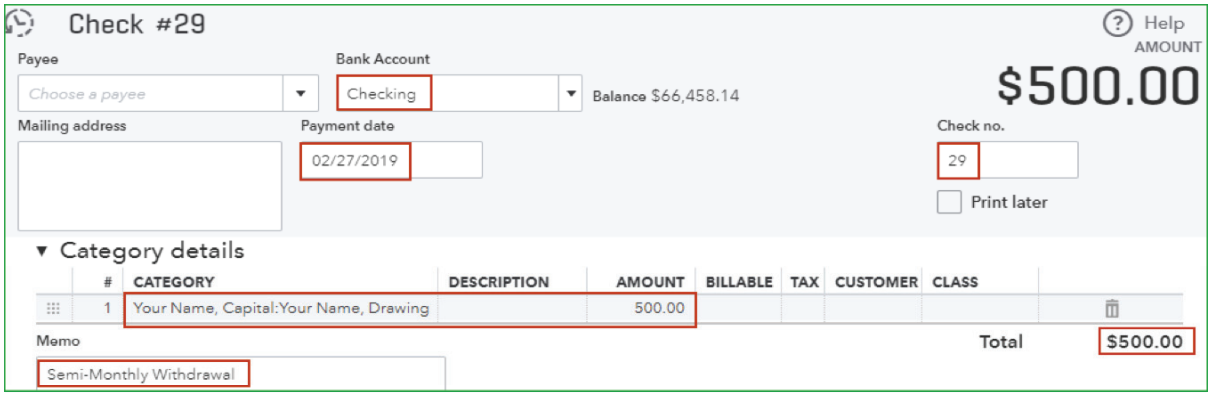
Click the **Plus** icon, click **Check** in the Vendors column
Since the owner is not a customer, vendor, or employee, leave the Payee blank

- If you added your name to the Names list, you may use it for the Payee name. If you did not add your name, leave the Payee name blank.

Use **Checking** to pay the check
Payment date: **022719**
Click **Print later** to remove the check mark; if necessary, enter **29** for the Check no.
Prepare Check 29 for the monthly withdrawal as previously instructed

- Remember to use **Your Name, Drawing** as the Category.

Add an appropriate Memo



Click **Print check**
Check No. **29**, click **Preview and print**, print the check

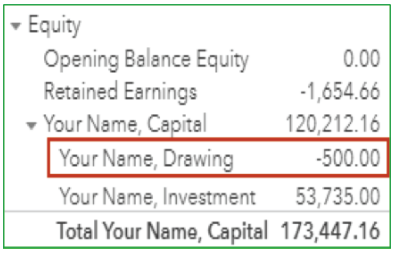
- If you save the check as a pdf file, name it **3-Your Name Ck 29 Ch 8**

Click **Close** on Print Preview, click **Done** on Did Checks Print OK?, and click **Cancel** on the Print Checks screen

- You should return to the customized Balance Sheet that you prepared. If not, prepare the report again. Make sure that the report dates are: 020119 to 022819.

View the Equity section

- At the end of January, you transferred the withdrawals for January into Your Name, Capital to practice closing entries. You will do the same at the end of February. For now, the account shows the $500 withdrawal.



Do not close Your Name's Beach Barkers

8

NON-CASH INVESTMENT BY OWNER—DO

As you learned in Chapter 5, an owner may make additional investments that are added to the owner's investment account. These investments may be cash or non-cash.

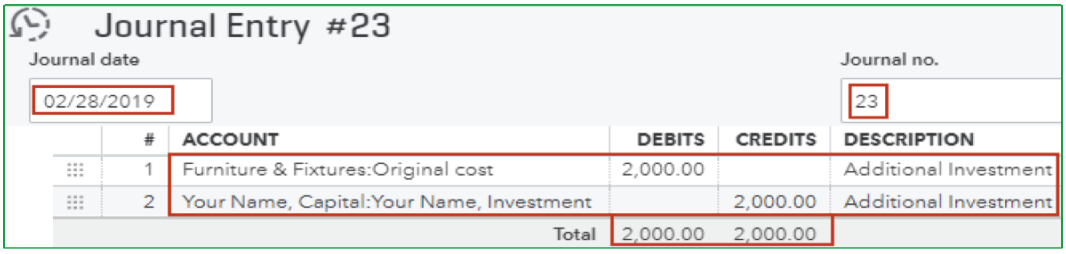
MEMO
DATE: February 28, 2019

You decided to use your new desk, file cabinet, and chair in the office at Your Name's Beach Barkers rather than at home. Record an investment of $2,000 worth of Furniture & Fixtures.

DO

Continue to use **Your Name's Beach Barkers** and record a non-cash investment

Use the information provided in the Memo to prepare Journal Entry 23
Date: **022819**
Transaction Accounts: **Furniture & Fixtures: Original Cost** and **Your Name, Investment**
Description: **Additional Investment**

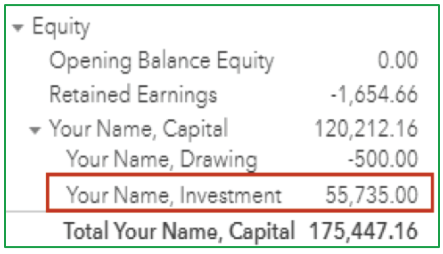

Journal Entry #23

Journal date: 02/28/2019 Journal no.: 23

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION
1	Furniture & Fixtures:Original cost	2,000.00		Additional Investment
2	Your Name, Capital:Your Name, Investment		2,000.00	Additional Investment
	Total	2,000.00	2,000.00	

Click **Save and close**
Return to the Balance Sheet and view the Equity section

- Remember, QBO likes to change the To date to the current date. If so, enter 02/28/19 as the To date; and then, click Run report.
- Notice that the balance of Your Name, Investment increased by $2,000. Use the amount of investment shown on the previous page to do the math: Your Name Investment balance after additional investment $55,735 – Your Name Investment before additional investment $53,735 = investment amount $2,000.


Equity	
Opening Balance Equity	0.00
Retained Earnings	-1,654.66
Your Name, Capital	120,212.16
Your Name, Drawing	-500.00
Your Name, Investment	55,735.00
Total Your Name, Capital	175,447.16

Do not close Your Name's Beach Barkers

PREPARE THE JOURNAL—DO

All the Chapter 8 transactions recorded for adjusting entries and for Owner's Equity will be shown in the Journal if you limit the dates to February 27 to 28, 2019.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Journal report

Go to Reports, use the category **Custom Reports**, select **Journal**
Enter the Dates From: **02/27/19** To: **02/28/19**, press **Tab**

Your Name's Beach Barkers
JOURNAL
February 27-28, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
02/27/2019	Check	29		Semi-Monthly Withdrawal	Checking		$500.00
					Your Name, Capital:Your Name, Drawing	$500.00	
						$500.00	**$500.00**
02/28/2019	Journal Entry	19		Adjusting Entry, February	Supplies Expense:Office Supplies Expense	$100.00	
				Adjusting Entry, February	Supplies:Office Supplies		$100.00
						$100.00	**$100.00**
02/28/2019	Journal Entry	20		Adjusting Entry, February	Supplies Expense:Kennel Supplies Expense	$176.00	
				Adjusting Entry, February	Supplies:Kennel Supplies		$176.00
						$176.00	**$176.00**
02/28/2019	Journal Entry	21		Adjusting Entry, February	Kennel Equipment:Depreciation		$170.00
				Adjusting Entry, February	Furniture & Fixtures:Depreciation		$125.00
				Adjusting Entry, February	Depreciation Expense	$295.00	
						$295.00	**$295.00**
02/28/2019	Inventory Qty Adjust	15			Inventory Shrinkage		
					Inventory Shrinkage	$40.00	
					Inventory Asset		
					Inventory Asset		$40.00
						$40.00	**$40.00**
02/28/2019	Inventory Starting Value	START		Towels - Opening inventory and value	Opening Balance Equity		$180.00
				Towels - Opening inventory and value	Inventory Asset	$180.00	
						$180.00	**$180.00**
02/28/2019	Journal Entry	22		Transfer to Capital	Opening Balance Equity	$480.00	
				Transfer to Capital	Your Name, Capital		$480.00
						$480.00	**$480.00**
02/28/2019	Journal Entry	23		Additional Investment	Furniture & Fixtures:Original cost	$2,000.00	
				Additional Investment	Your Name, Capital:Your Name, Investment		$2,000.00
						$2,000.00	**$2,000.00**
TOTAL						**$3,771.00**	**$3,771.00**

Close Your Name's Beach Barkers

BUDGETS—DRILL

QuickBooks Online Plus allows you to create Profit and Loss budgets that track amounts in income and expense accounts. Preparing a budget helps a company plan and view expectations for income and costs for a period of time. It is a useful tool that is used to examine business operations, enable a company to establish operational goals, and take a realistic look at expenditures.

8

DRILL

Open the **Test Drive Company** and prepare a budget

Click the **Gear** icon, then click **Budgeting** in the Tools column
The first time you open Budgeting you will complete an interview for Creating a budget
Read the opening screen, and then click **Add budget**

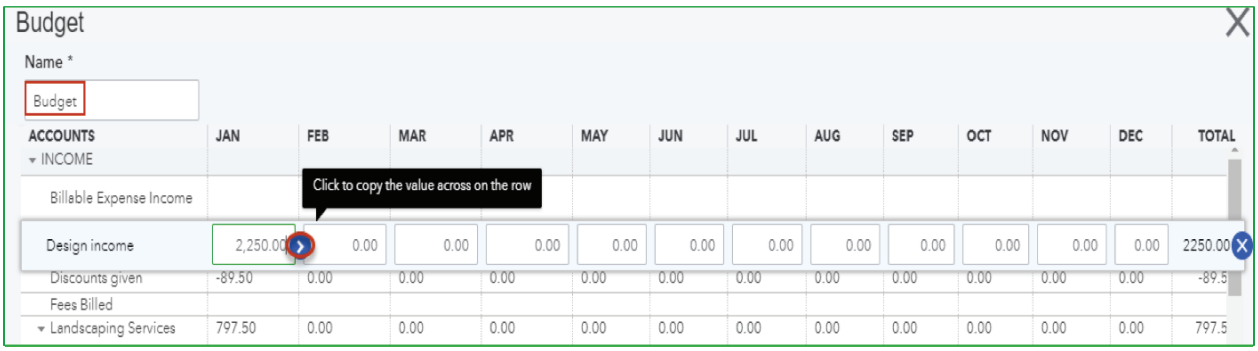
Add your first budget
Budgets make growing your business easier. Just pre-fill with your data, add your targets, and start towards your goal.
Add budget

Enter the Name: **Budget**
Click the drop-down list arrow for Fiscal Year, click: **FY2019 (Jan 2019 – Dec 2019)**
Select the Interval: **Monthly**
Pre-fill data? **Actual data – 2019**
Subdivide by: **Don't subdivide**
Complete the screen for: Do you want to subdivide your budget?

- Each budget tracks information by accounts and months. You may add a third component to divide your budget into different areas for tracking. This is used to track by customers, locations, and classes and will be used in the Do section.

Click **Create Budget**

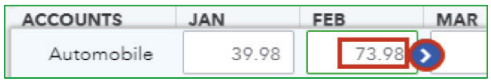
- On this screen, you enter budget amounts for your income and expense accounts. This may be done by month, quarter or year.
- Remember, because of the automatic date changes by the Test Drive Company, your data will not match the amounts shown in the following instructions. When the data does not match, use the amounts provided by QBO or just read the drill information.


Budget
Name *
Budget
ACCOUNTS JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC TOTAL
INCOME
Billable Expense Income
Click to copy the value across on the row
Design income 2,250.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 2250.00
Discounts given -89.50 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 -89.5
Fees Billed
Landscaping Services 797.50 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 797.5

To begin entering budget data, click in the January column for Design income, click the **Copy Across** button

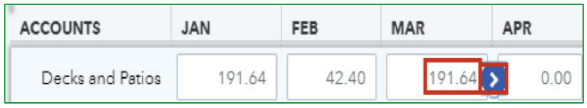
- The January amount of 2,250.00 is copied into each of the cells in the row. The total of 27,000.00 is shown for the year.

Scroll down to Expenses, click in the February column for **Automobile**
Since the example shown has information for two months and the February amount is larger, you would click in February, and then click **Copy Across**



- Follow this procedure whenever there are two or more months with amounts and the last column with an amount is larger.

Scroll down to **Decks and Patios**
Since the Jan amount is larger than Feb, enter the Jan amount for **Mar**, then click **Copy Across**



- Follow this procedure whenever there are two or more months with amounts and the largest amount is prior to the latest amount shown.

To complete the budget, repeat these procedures for all remaining rows
Scroll through the budget and make sure all rows have budgeted amounts, if you missed any rows, enter the budgeted amounts as instructed
Click **Save and close**
Do not close the Test Drive Company, continue with the next section

BUDGET REPORTS—DRILL

There are two reports available to view budgets in QuickBooks Online. They are Budget Overview, which shows a summary of budgeted amounts for a specific budget, and Budget vs. Actuals, which compares your budgeted income and expense account to the actual amounts so you can tell whether you are over or under budget.

DRILL

Continue to use the **Test Drive Company** and prepare budget reports

Click **Reports** on the Navigation bar, scroll to the report category **Business Overview**, click **Budget Overview**

- You will see the budgeted amount for each income and expense account for every month of the fiscal year. You will also see totals for each row across and for each column down. This provides you with the total amounts you have budgeted.
- Your figures will not match the example shown. Remember, this is practice.

Craig's Design and Landscaping Services
BUDGET OVERVIEW: BUDGET - FY19 P&L
January - December 2019

	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	TOTAL
Income													
Design income	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	2,250.00	$27,000.00
Discounts given	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	-89.50	$ -1,074.00
Landscaping Services	797.50	797.50	797.50	797.50	797.50	797.50	797.50	797.50	797.50	797.50	797.50	797.50	$9,570.00

Partial Report

Return to the report category Business Overview, click **Budget vs. Actuals**

- You will see each month of the fiscal year with columns for Actual, Budget, Over Budget, and % of Budget.

	JAN 2019				FEB 2019			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
▾ Income								
Design income	2,250.00	2,250.00	0.00	100.00 %	2,250.00	-2,250.00		
Discounts given	-89.50	-89.50	0.00	100.00 %	-89.50	89.50		
▾ Landscaping Services	797.50	797.50	0.00	100.00 %	797.50	-797.50		

Partial Report

- Note the differences between Jan and Feb that are displayed above. Your figures will not match the example shown.

Close the Test Drive Company

BUDGETS—DO

As you explored in the drill, QuickBooks Online Plus allows you to create Profit and Loss budgets that track amounts in income and expense accounts. For Your Name's Beach Barkers, you will prepare a budget that also shows locations so you can see the profitability of the Venice and Malibu locations. This will help you determine if having two locations is a viable option for Your Name's Beach Barkers.

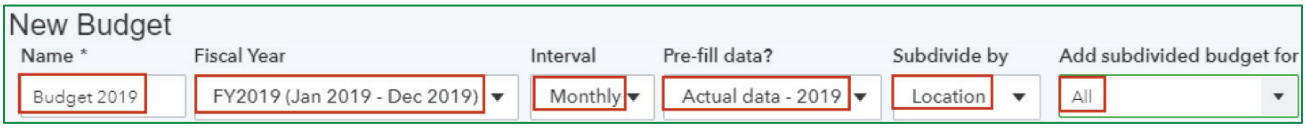
DO

Open **Your Name's Beach Barkers** and prepare a budget

Click the **Gear** icon, then click **Budgeting** in the Tools column
Click **Add budget** on the Add your first budget screen

Add your first budget
Budgets make growing your business easier. Just pre-fill with your data, add your targets, and start towards your goal.
Add budget

Enter the Name: **Budget 2019**
Click the drop-down list arrow for Fiscal Year, click: **FY2019 (Jan 2019 – Dec 2019)**
Select the Interval: **Monthly**
Pre-fill data? **Actual data – 2019**
Subdivide: **Location**
Add subdivided budget for **All**

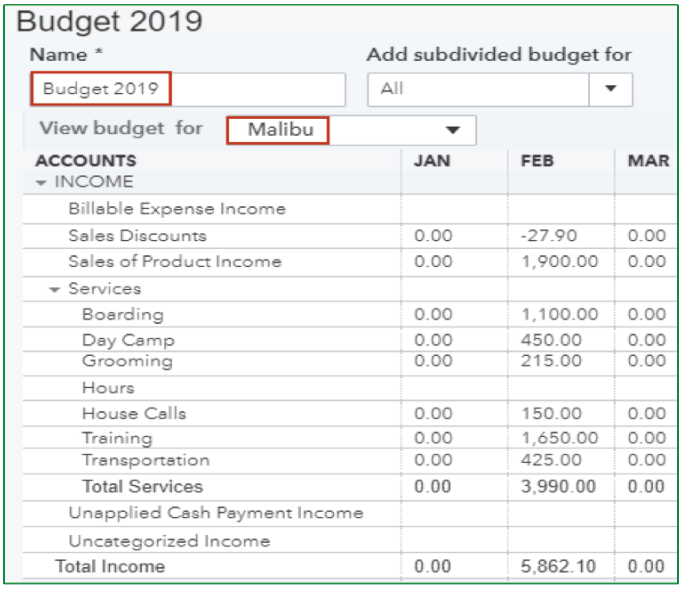


The Budget Preview screen appears for the location **Venice**

- Notice that January has 0 for all income accounts. This is because Locations were not created until February when the Malibu location was opened. Also notice that nothing is shown for expenses. This is because we do not categorize expenses by location.
- QuickBooks Online has completed the Venice income amounts for February.

Click **Create Budget**

- On the screen that appears, the budget amounts for February are already inserted. You will enter the budget amounts for your income and expense accounts for the other months of the year for each location—Malibu, Venice, and Non-Specified.
- The screen for **Malibu** should appear. If not, click the drop-down list arrow for **View Budget for** and then click **Malibu**.



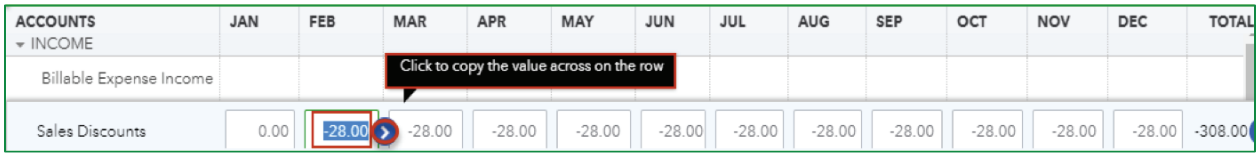
ACCOUNTS	JAN	FEB	MAR
INCOME			
Billable Expense Income			
Sales Discounts	0.00	-27.90	0.00
Sales of Product Income	0.00	1,900.00	0.00
Services			
Boarding	0.00	1,100.00	0.00
Day Camp	0.00	450.00	0.00
Grooming	0.00	215.00	0.00
Hours			
House Calls	0.00	150.00	0.00
Training	0.00	1,650.00	0.00
Transportation	0.00	425.00	0.00
Total Services	0.00	3,990.00	0.00
Unapplied Cash Payment Income			
Uncategorized Income			
Total Income	0.00	5,862.10	0.00

To begin entering budget data, click in the month **Feb** for Sales Discounts

To illustrate that you may insert your own budget amounts, change the amount of Sales Discounts in Feb to **-28.00**

Click the blue Copy Across button

- The Feb amount will be copied across the entire row.



Repeat for all remaining rows using the figures provided by QuickBooks Online except Cost of Goods Sold: Merchandise Purchases

When you get to the amount for Cost of Goods Sold: Merchandise Purchases, write down the figure shown (**557.50**), then change the amount to **0.00**

- Because you are not differentiating expenses by location, you will be adding the Merchandise Purchases amounts for Malibu and Venice together and entering the total in the February column for Unspecified.
- Scroll through the budget and make sure all rows for income accounts have budgeted amounts, if you missed any rows, enter the budgeted amounts as instructed.
- Remember, you do not enter any budget amounts for Expenses for Malibu.

Budget 2019

Name * Budget 2019 | Add subdivided budget for All

View budget for Malibu

ACCOUNTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INCOME													
Billable Expense Income													
Sales Discounts	0.00	-28.00	-28.00	-28.00	-28.00	-28.00	-28.00	-28.00	-28.00	-28.00	-28.00	-28.00	-308.0
Sales of Product Income	0.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	20,900.0
Services													
Boarding	0.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	12,100.0
Day Camp	0.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	4,950.0
Grooming	0.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	2,365.0
Hours													
House Calls	0.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,650.0
Training	0.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	1,650.00	18,150.0
Transportation	0.00	425.00	425.00	425.00	425.00	425.00	425.00	425.00	425.00	425.00	425.00	425.00	4,675.0
Total Services	0.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	3,990.00	43,890.0
Unapplied Cash Payment Income													
Uncategorized Income													
Total Income	0.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	5,862.00	64,482.0

After all rows for Malibu have budgeted amounts, click the **Save** button

Click the drop-down arrow for location, click **Venice**

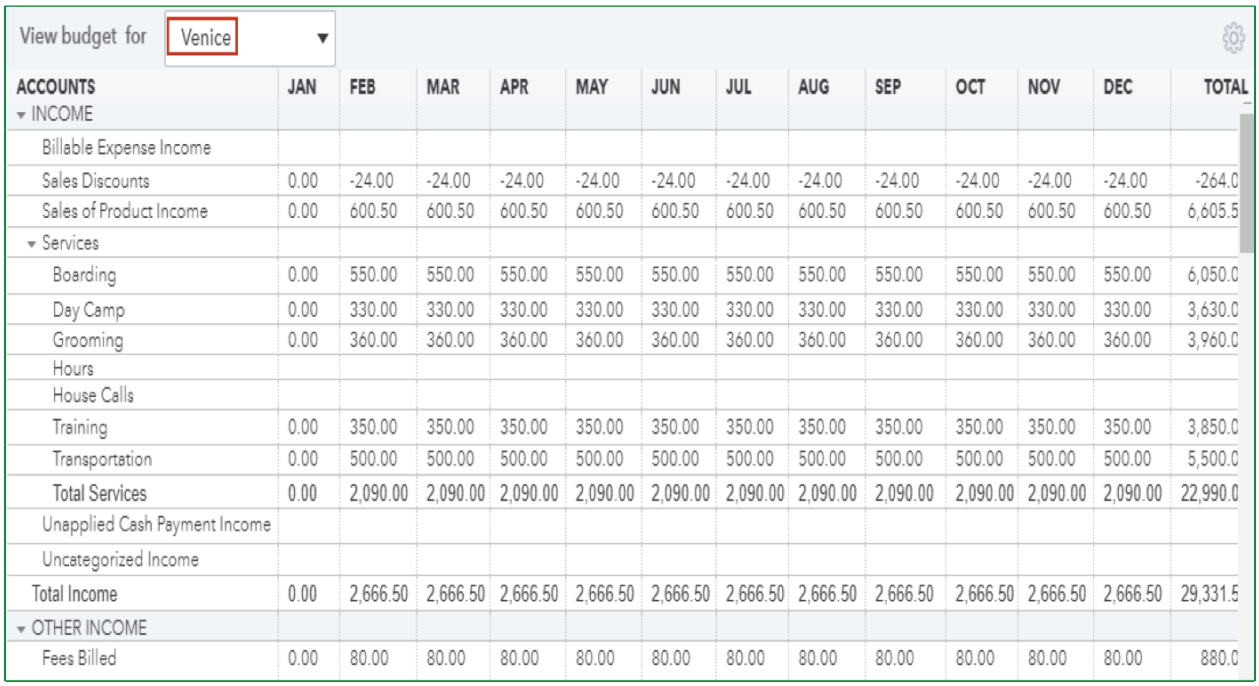
Use **-24.00** as the budgeted amount for Sales Discounts in Venice to copy the amounts across the rows

Repeat the steps as you did for Malibu using the blue Copy Across button

For all remaining rows using the figures provided by QuickBooks Online except Cost of Goods Sold: Merchandise Purchases

When you get to the amount for Cost of Goods Sold: Merchandise Purchases, write down the figure shown (**175.50**), then change the amount to **0.00**, and copy across

- Don't forget the account Fees Billed at the bottom of the budget in the Other Income category.
- Even though you recorded transactions for Venice during the month of January, they are not shown. This is because you did not establish Locations until February.
- Remember, that you do not record any budget figures for Expenses for Venice.


View budget for Venice

ACCOUNTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INCOME													
Billable Expense Income													
Sales Discounts	0.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-24.00	-264.0
Sales of Product Income	0.00	600.50	600.50	600.50	600.50	600.50	600.50	600.50	600.50	600.50	600.50	600.50	6,605.5
Services													
Boarding	0.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	6,050.0
Day Camp	0.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	3,630.0
Grooming	0.00	360.00	360.00	360.00	360.00	360.00	360.00	360.00	360.00	360.00	360.00	360.00	3,960.0
Hours													
House Calls													
Training	0.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	3,850.0
Transportation	0.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	5,500.0
Total Services	0.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	2,090.00	22,990.0
Unapplied Cash Payment Income													
Uncategorized Income													
Total Income	0.00	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	2,666.50	29,331.5
OTHER INCOME													
Fees Billed	0.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	880.0

Once you complete the budget amounts for Venice, click the **Save** button
Click the drop-down list arrow for location, click **Not Specified**

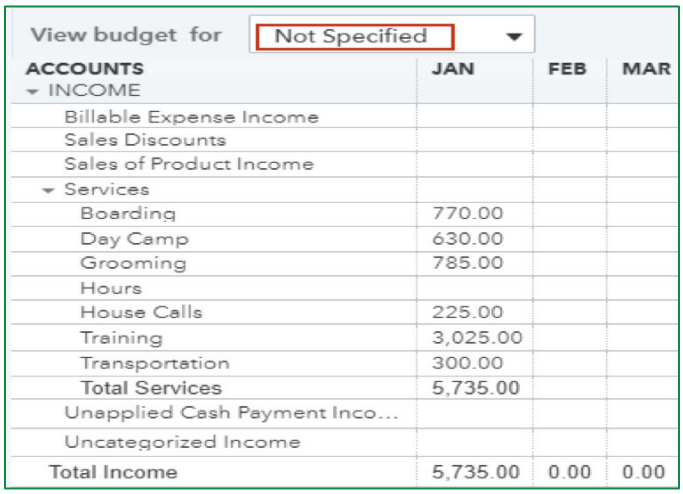
- Not Specified is used for all transactions that were not entered for specific locations. These include the income accounts for January, and all the expenses.
- Since income will appear for Venice and Malibu as of February, you will not extend the amount of the income accounts.

View the Not Specified income amounts for January

- If QuickBooks Online does not show amounts for January, enter them but do not copy across. The amounts are:

Account	January
Boarding	770.00
Day Camp	630.00
Grooming	785.00
Hours	0.00
House Calls	225.00
Training	3,025.00
Transportation	300.00

View the Not Specified budget for January income amounts



For Interest Earned in January, copy the amount of **79.00** across the columns
Add the amounts for Cost of Goods Sold and Expenses to the Budget
Click in the **Feb** column in the line for **Cost of Goods Sold: Merchandise Purchases**, enter the amount of **-733.00**, use the blue Copy Across button to copy amount across the row

- To determine the amount for Merchandise Purchases, do the math: Add the Malibu amount and the Venice amount to get the Not Specified amount. (557.50 + 155.50 = 733.00)

Enter the **Feb** amount of **Inventory Shrinkage** of **40.00**, copy across the row
Continue entering information for the Expenses for January, February, and March:

Account	January	February	March
Advertising	200.00	500.00	500.00
Bank Charges	16.00	16.00	16.00
Equipment Rental	75.00	75.00	75.00
Vehicle Insurance	100.00	100.00	100.00
Interest Expense	19.00	19.00	19.00
Laundry	7.00	75.00	75.00
Rent or Lease	1,500.00	2,900.00	2,900.00
Computer Repair	200.00	200.00	200.00
Vehicle Repair	213.00	213.00	213.00
Cleaning Supplies Expense	100.00	27.00	100.00
Kennel Supplies Expense	134.00	176.00	176.00
Office Supplies Expense	131.00	100.00	131.00
Sales Supplies Expense	100.00	100.00	100.00
Telephone Expense	130.00	130.00	130.00
Electric	90.00	75.00	90.00
Gas-Heating	190.00	154.00	190.00
Water	176.00	210.00	210.00
Vehicle Expenses	110.00	16.00	110.00
Depreciation Expense	670.00	295.00	670.00
Purchase Discounts	0.00	-30.00	-30.00

Copy the March amount across the row
Continue until each account shown has budget figures

View budget for Not Specified

ACCOUNTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
COST OF GOODS SOLD													
Cost of Goods Sold													
Merchandise Discounts													
Merchandise Purchases		-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-8,063.
Total Cost of Goods Sold		-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-733.00	-8,063..
Inventory Shrinkage		40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	440.0
Total Cost of Goods Sold	0.00	-693.00	-693.00	-693.00	-693.00	-693.00	-693.00	-693.00	-693.00	-693.00	-693.00	-693.00	-7,623..
EXPENSES													
Advertising	200.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	5,700.0
Bank Charges	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	192.0

Partial Budget

Click **Save and close**
Do not close Your Name's Beach Barkers, continue with the next section

BUDGET REPORTS—DO

In the drill you practiced preparing the Budget Overview and Budget vs Actuals reports. In this section, you will prepare the reports and customize them to obtain more specific information.

DO

Continue to use **Your Name's Beach Barkers** and prepare budget reports

Click **Reports** on the Navigation bar, in Standard reports, scroll to the report category **Business Overview**, click **Budget Overview** to select

- You may also type the report name in the Reports Search box, then click the magnifying glass to search for the report.
- You will see the budgeted amount for each income and expense account for every location for the fiscal year. You will also see totals for each row across and for each column down. This provides you with the total amounts you have budgeted.

Your Name's Beach Barkers
BUDGET OVERVIEW: BUDGET 2019 - FY19 P&L LOCATIONS
January - December 2019

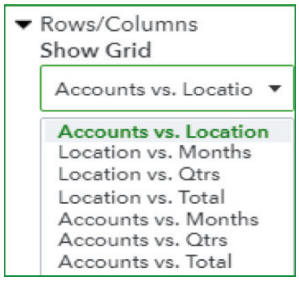
	MALIBU	VENICE	NOT SPECIFIED	TOTAL
Income				
Sales Discounts	-308.00	-264.00		$ -572.00
Sales of Product Income	20,900.00	6,605.50		$27,505.50
Services				$0.00
Boarding	12,100.00	6,050.00	770.00	$18,920.00
Day Camp	4,950.00	3,630.00	630.00	$9,210.00
Grooming	2,365.00	3,960.00	785.00	$7,110.00
House Calls	1,650.00		225.00	$1,875.00
Training	18,150.00	3,850.00	3,025.00	$25,025.00
Transportation	4,675.00	5,500.00	300.00	$10,475.00
Total Services	**43,890.00**	**22,990.00**	**5,735.00**	**$72,615.00**
Total Income	**$64,482.00**	**$29,331.50**	**$5,735.00**	**$99,548.50**
Cost of Goods Sold				
Cost of Goods Sold				$0.00
Merchandise Purchases			-8,063.00	$ -8,063.00
Total Cost of Goods Sold			**-8,063.00**	**$ -8,063.00**
Inventory Shrinkage			440.00	$440.00
Total Cost of Goods Sold	**$0.00**	**$0.00**	**$ -7,623.00**	**$ -7,623.00**
GROSS PROFIT	$64,482.00	$29,331.50	$13,358.00	$107,171.50

Partial Report

8

- Since you began recording information for your locations in February when you opened the Malibu location, there is no sales information for Venice in January. That information is included in Not Specified.
- Prior to February, you did not sell any products only service items. You will note that nothing is shown for Sales Discounts and Sales of Product Income in the Not Specified column. The Service Income shown in Not Specified is for January, which is prior to establishing locations. The Malibu and Venice locations show the results of Sales of Product Income and Service Income for February at each location.

Click the **Customize** button
Click **Rows/Columns** to expand
Click the drop-down list arrow in Rows/Columns for **Show Grid**:



- Notice the different options you have for displaying budget information.

Do not make any selections from the list
Click **Header/Footer** to expand, edit as previously instructed, and click **Run Report**
Print in Portrait orientation, export, and/or send/submit as previously instructed

- If you save the report, name it: **4-Your Name Budget Overview Ch 8**

Click **<Back to report list**, click **Budget vs. Actuals**

- You will see columns for Actual, Budget, Over Budget, and % of Budget for each location and for the Total.

	MALIBU				VENICE			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income								
Sales Discounts	-27.90	-308.00	280.10	9.06 %	-23.90	-264.00	240.10	9.05 %
Sales of Product Income	1,900.00	20,900.00	-19,000.00	9.09 %	600.50	6,605.50	-6,005.00	9.09 %
Services								
Boarding	1,100.00	12,100.00	-11,000.00	9.09 %	550.00	6,050.00	-5,500.00	9.09 %
Day Camp	450.00	4,950.00	-4,500.00	9.09 %	330.00	3,630.00	-3,300.00	9.09 %
Grooming	215.00	2,365.00	-2,150.00	9.09 %	360.00	3,960.00	-3,600.00	9.09 %
House Calls	150.00	1,650.00	-1,500.00	9.09 %				
Training	1,650.00	18,150.00	-16,500.00	9.09 %	350.00	3,850.00	-3,500.00	9.09 %
Transportation	425.00	4,675.00	-4,250.00	9.09 %	500.00	5,500.00	-5,000.00	9.09 %
Total Services	**3,990.00**	**43,890.00**	**-39,900.00**	**9.09 %**	**2,090.00**	**22,990.00**	**-20,900.00**	**9.09 %**
Total Income	**$5,862.10**	**$64,482.00**	**$ -58,619.90**	**9.09 %**	**$2,666.60**	**$29,331.50**	**$ -26,664.90**	**9.09 %**
Cost of Goods Sold								
Cost of Goods Sold								
Merchandise Discounts								
Merchandise Purchases	557.50		557.50		175.50		175.50	
Total Cost of Goods Sold	**557.50**		**557.50**		**175.50**		**175.50**	
Inventory Shrinkage								
Total Cost of Goods Sold	**$557.50**	**$0.00**	**$557.50**	**0.00%**	**$175.50**	**$0.00**	**$175.50**	**0.00%**
GROSS PROFIT	$5,304.60	$64,482.00	$ -59,177.40	8.23 %	$2,491.10	$29,331.50	$ -26,840.40	8.49 %

Partial Report

- Remember, in the column for ACTUAL, you have entered transaction data for January and only part of February. The BUDGET column contains the total amount budgeted for the entire year.

Close Your Name's Beach Barkers

SALES TAX—READ

The Sales Tax Center is used to track and pay sales tax. As you record sales transactions involving merchandise, sales tax is added to invoices and sales receipts that are prepared. As you collect the sales tax from your customers, it is a liability that you owe to a government agency that was specified when Sales Tax was activated. Periodically, you must forward the tax money collected from your customers to pay the liability you have for sales taxes. This is done through the Sales Tax Center.

When using the Test Drive company for practice, at the time of writing, you will be using the older manual sales tax method that will have a sales tax center that is different from Your Name's Beach Barkers automatic sales tax center. If you use cash-basis accounting, you cannot use the automatic sales tax feature and must use the manual sales tax method. As a result of this, you complete a drill in the Test Drive Company. Then, in Your Name's Beach Barkers, you will pay sales taxes using the Sales Tax Center for the automatic sales tax method.

SALES TAX LIABILITY REPORT—DRILL

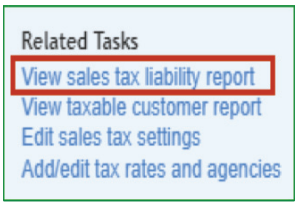
Sales tax reports are available in the Sales Tax Center and include the Sales Tax Liability report. The Sales Tax Liability report tells you the taxing agency, the taxable amount of sales, and the amount of the tax collected and owed.

DRILL

Open the **Test Drive Company** and prepare the Sales Tax Liability report

Click **Taxes** on the Navigation bar
On the right side of the Sales Tax Center, you will see a blue box with Related Tasks
Click **View sales tax liability report** shown in Related Tasks
Click the drop-down list arrow for **Report period**, scroll through the list, click **All Dates**, and then click **Run report**

- Since the Test Drive Company has offices in two states, both taxing agencies and tax amounts due are shown.


Related Tasks
View sales tax liability report
View taxable customer report
Edit sales tax settings
Add/edit tax rates and agencies

View the report

Craig's Design and Landscaping Services
SALES TAX LIABILITY REPORT
All Dates

	TAXABLE AMOUNT	TAX
ARIZONA DEPT. OF REVENUE		
AZ State tax (7.1%)	422.00	29.96
Tucson City (2%)	422.00	8.44
Total		38.40
BOARD OF EQUALIZATION		
California (8%)	5,118.00	409.44
Total		409.44

To return to the Sales Tax Center, use the keyboard shortcut **Alt + Left Cursor Arrow** one or two times
Do not close the Test Drive Company, continue with the next section

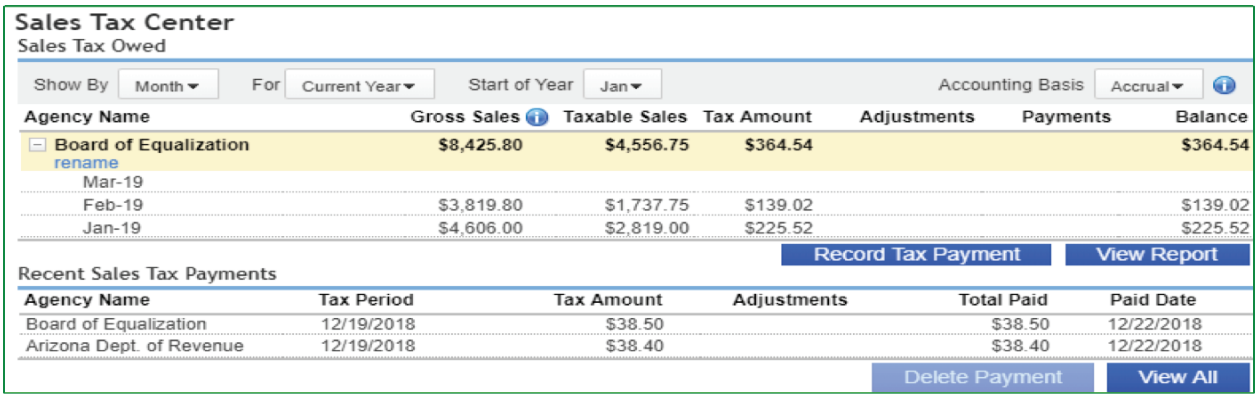
PAY SALES TAXES—DRILL

As you record sales transactions involving merchandise, sales tax is added to the invoices and sales receipts that are prepared. As you collect the sales tax from your customers, it is a liability that you owe to a specified government agency. Periodically, you must forward the tax money collected from your customers to pay the liability you have for sales taxes. This is done through the Sales Tax Center.

DRILL

Continue to use the **Test Drive Company** and record the Sales Tax payment

In the Sales Tax Center, view the information presented

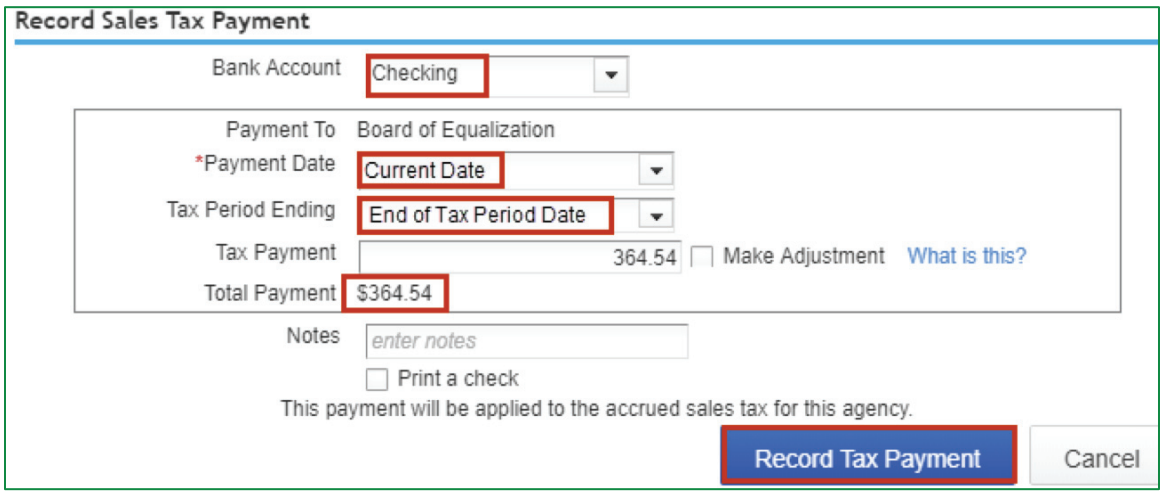

Sales Tax Center
Sales Tax Owed
Show By Month For Current Year Start of Year Jan Accounting Basis Accrual
Agency Name Gross Sales Taxable Sales Tax Amount Adjustments Payments Balance
Board of Equalization $8,425.80 $4,556.75 $364.54 $364.54
rename
Mar-19
Feb-19 $3,819.80 $1,737.75 $139.02 $139.02
Jan-19 $4,606.00 $2,819.00 $225.52 $225.52
Record Tax Payment
View Report
Recent Sales Tax Payments
Agency Name Tax Period Tax Amount Adjustments Total Paid Paid Date
Board of Equalization 12/19/2018 $38.50 $38.50 12/22/2018
Arizona Dept. of Revenue 12/19/2018 $38.40 $38.40 12/22/2018
Delete Payment
View All

- Because of the built-in date changes in the Test Drive Company, your figures may be different from the ones shown in the text. If your figures are different from the ones shown, use the figures you see in QuickBooks Online.
- Notice that the Sales Tax Owed section shows a Tax Amount for Board of Equalization (California) for $364.54. This is the amount due. In the Sales Tax Owed section, nothing is shown for Arizona because a tax payment is not due.
- In the Sales Tax Payments section Board of Education (California) shows a Tax Amount and a Total Paid of $38.50 for a previous Tax Period. Arizona Dept. of Revenue shows a Tax Amount of $38.40 and a Total Paid of $38.40 for a previous period.

Click the **Record Tax Payment** button

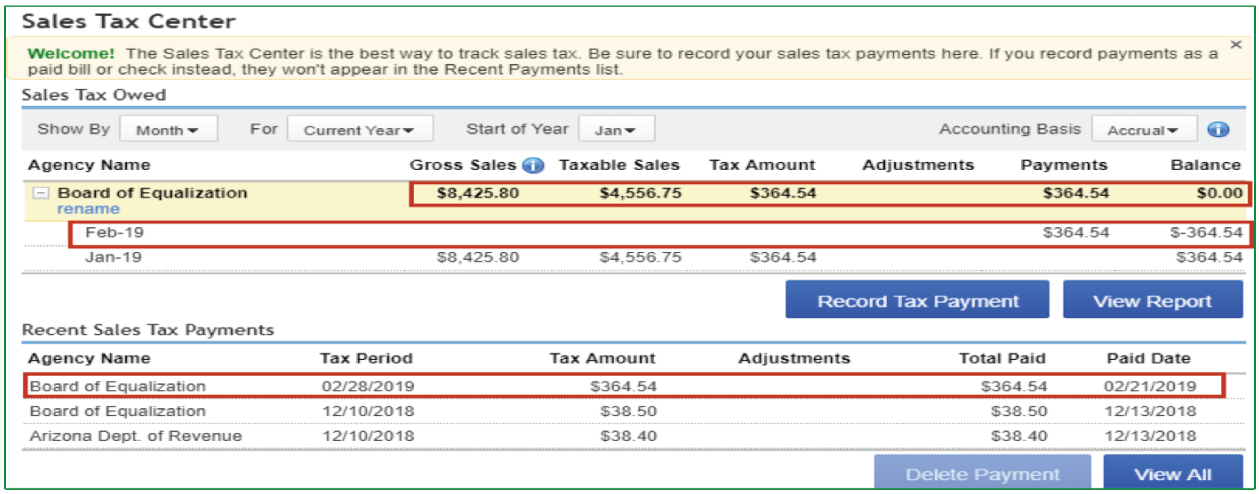
View the information presented

- Use the dates entered by QuickBooks Online.


Record Sales Tax Payment
Bank Account Checking
Payment To Board of Equalization
*Payment Date Current Date
Tax Period Ending End of Tax Period Date
Tax Payment 364.54 Make Adjustment What is this?
Total Payment $364.54
Notes enter notes
Print a check
This payment will be applied to the accrued sales tax for this agency.
Record Tax Payment
Cancel

Click the **Record Tax Payment** button

- The tax payment was added to the Recent Sales Tax Payments. In the Sales Tax Owed section, you will see the Tax Amount, Total Paid, and the Paid Date.


Sales Tax Center
Welcome! The Sales Tax Center is the best way to track sales tax. Be sure to record your sales tax payments here. If you record payments as a paid bill or check instead, they won't appear in the Recent Payments list.
Sales Tax Owed
Show By Month For Current Year Start of Year Jan Accounting Basis Accrual
Agency Name Gross Sales Taxable Sales Tax Amount Adjustments Payments Balance
Board of Equalization $8,425.80 $4,556.75 $364.54 $364.54 $0.00
rename
Feb-19 $364.54 $-364.54
Jan-19 $8,425.80 $4,556.75 $364.54 $364.54
Record Tax Payment
View Report
Recent Sales Tax Payments
Agency Name Tax Period Tax Amount Adjustments Total Paid Paid Date
Board of Equalization 02/28/2019 $364.54 $364.54 02/21/2019
Board of Equalization 12/10/2018 $38.50 $38.50 12/13/2018
Arizona Dept. of Revenue 12/10/2018 $38.40 $38.40 12/13/2018
Delete Payment
View All

Close the Test Drive Company

SALES TAX LIABILITY REPORT—DO

As you just practiced, the Sales Tax Liability report tells you the taxing agency, the taxable amount of sales, and the amount of the tax collected and owed.

DO

Open the **Your Name's Beach Barkers** and prepare the Sales Tax Liability report

Click **Taxes** on the Navigation bar
Click **Reports**, click **Tax liability report**
Dates From: **010119** To: **022819**
- Leave the Tax Agency as **All**, and Accounting method as **Accrual**.

Click the **Run report** button
View the report

Your Name's Beach Barkers
SALES TAX LIABILITY REPORT
January - February, 2019

	GROSS AMOUNT	NON TAXABLE AMOUNT	TAXABLE AMOUNT	TAX AMOUNT
California Department of Tax and Fee Administration				
California State	8,528.70	6,041.10	2,487.60	155.46
California, Los Angeles County	8,528.70	6,041.10	2,487.60	24.91
California, Los Angeles County District	8,528.70	6,041.10	2,487.60	55.97
TOTAL				236.34

Click the **Customize** button, edit the Footer as previously instructed
Click **Run Report**
Use the orientation of your choice and print, export, and/or email to submit the report as required by your professor
- If saved, name the report **5-Your Name Sales Tax Liability Ch 8**

To return to the Sales Tax Center, use the keyboard shortcut **Alt + Left Cursor Arrow** one or more times
Do not close Your Name's Beach Barkers, continue with the next section

PAY SALES TAX—DO

As you record sales transactions involving merchandise, sales tax is added to the invoices and sales receipts that are prepared. As you collect the sales tax from your customers, it is a liability that you owe to a specified government agency. Periodically, you must forward the tax money collected from your customers to pay the liability you have for sales taxes. As you have practiced, this is done through the Sales Tax Center.

When you open the Sales tax center, the sales tax payment for January 2019 shows as Overdue. There is no actual tax amount due because only services were sold in January and services are not taxable in California. Even though no tax is due, you will make a 0.00 payment for the January sales tax. Following that, you will record the sales tax payment for the February sales tax for $236.34.

MEMO
DATE: February 20, 2019 and March 20, 2019

Pay the sales taxes that are due for January 2019: $0.00, and February 2019: $236.34.

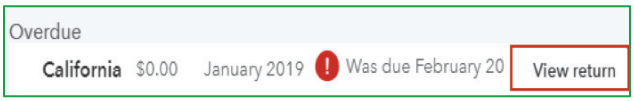
DO

Continue to use **Your Name's Beach Barkers** and view the Sales Tax Return

Click the **Taxes** tab in the Navigation bar

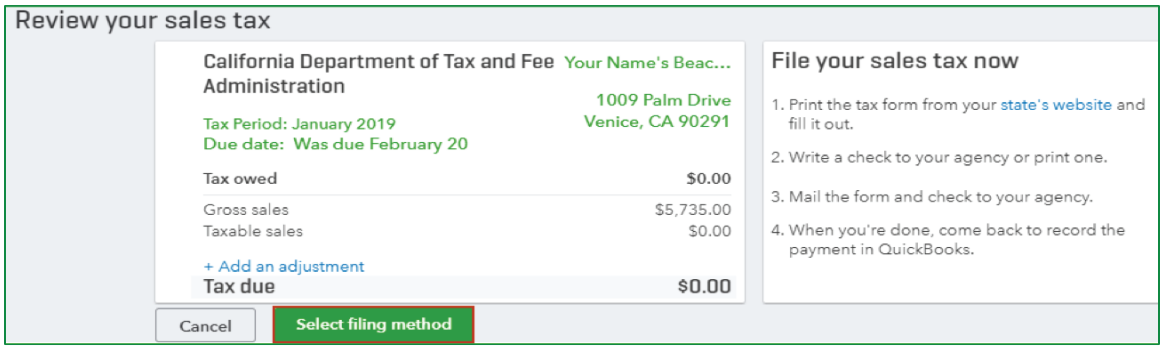
- Because this chapter was written prior to 03/20/19, the Payment of $236.34 and a Balance of $0.00 may not be shown in the Sales Tax Owed section of the Sales Tax Center. If they are shown, that is great. If it not, that is fine as well.

Click the **View return** button next to the Overdue amount for California, January 2019

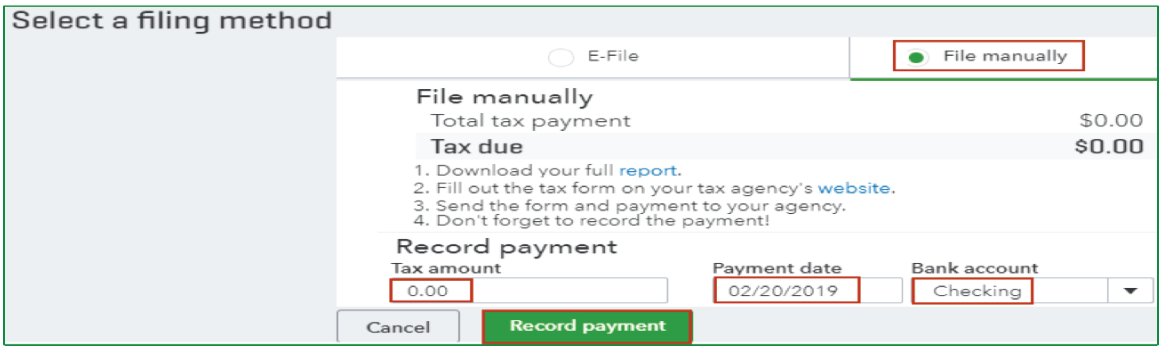


- You will see a screen that reviews your sales taxes. The information includes, the agency name, the Tax owed, your Gross sales and Taxable sales and the Tax due.

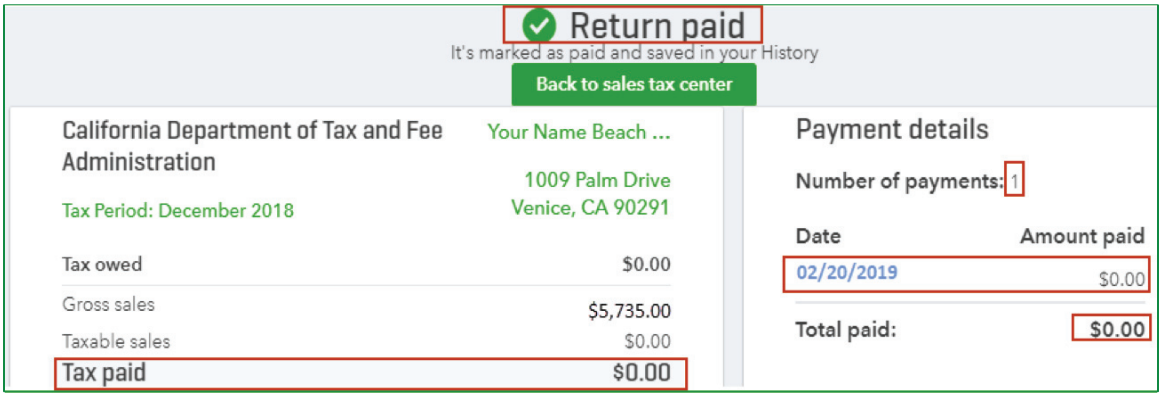
Click the **Select filing method** button


Review your sales tax
California Department of Tax and Fee Administration
Your Name's Beac...
1009 Palm Drive
Venice, CA 90291
Tax Period: January 2019
Due date: Was due February 20
Tax owed $0.00
Gross sales $5,735.00
Taxable sales $0.00
+ Add an adjustment
Tax due $0.00
File your sales tax now
1. Print the tax form from your state's website and fill it out.
2. Write a check to your agency or print one.
3. Mail the form and check to your agency.
4. When you're done, come back to record the payment in QuickBooks.
Cancel
Select filing method

Click **File manually** to view the tax due for January and to record the payment of 0.00
Tax amount: **0.00**
Payment date **02/20/2019**
Bank account: **Checking**

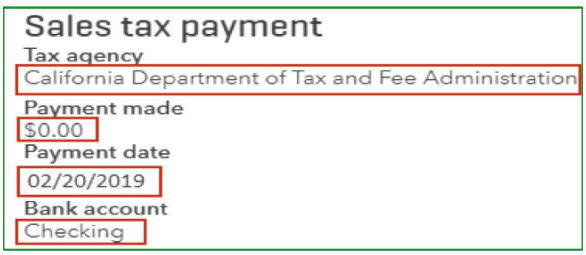


Click the **Record payment** button
View the Return paid and Payment details screen

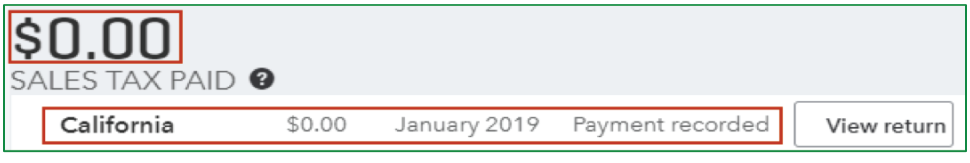


In the Payment details information, click the date of **02/20/2019**

- You will see the breakdown of the Sales tax payment.



Close the Sales tax payment details by clicking the **Close** button at the top-right of the form or by clicking the **Back Arrow** at the top-left of the QBO tab
Click the **Back to sales tax center** button on the Return paid screen
Click **History** at the top-right of the Sales Tax center to view the taxes paid for the January 2019



Click **<Back to sales tax**

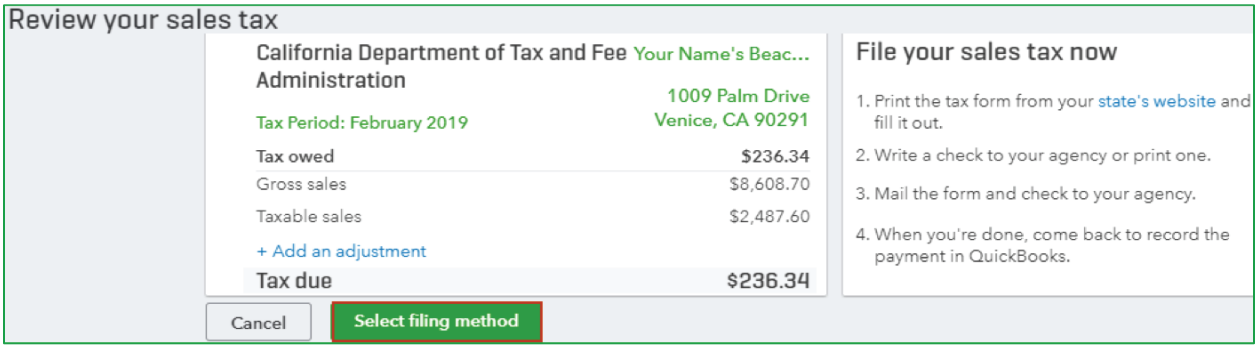
8

- Notice that the Tax Amount for February 2019 is $236.34.
- Because of the date in the text being different from the current date, you may find that the sales tax due for the February 2019 taxes is marked overdue. Do not worry about this. Simply make the payment as instructed.

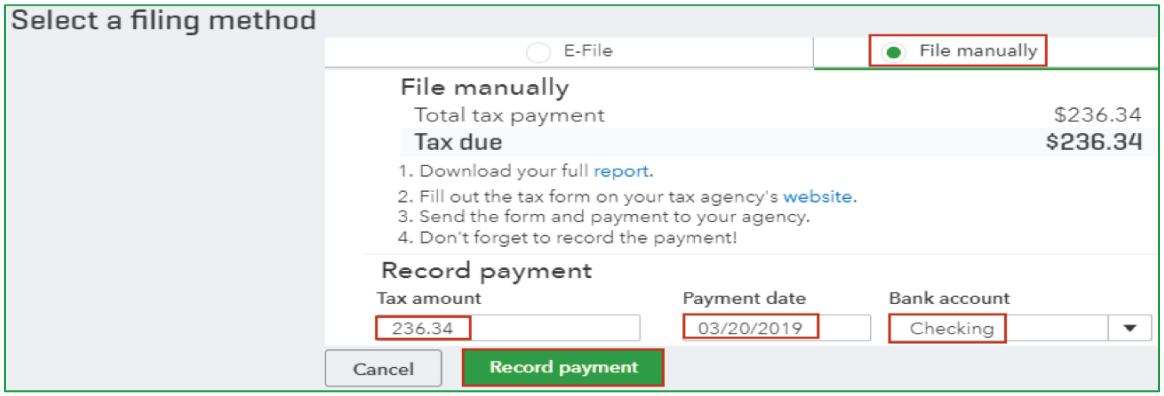
Click the **View return** button next to the amount due for California, February 2019

- As with the January return, you will a screen that reviews your sales taxes. The information includes, the agency name, the Tax owed, your Gross sales and Taxable sales and the Tax due.

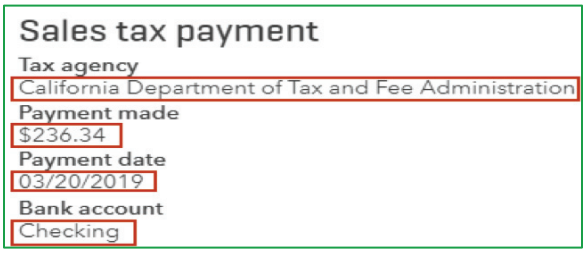
Click the **Select filing method** button


Review your sales tax
California Department of Tax and Fee Administration
Your Name's Beac...
1009 Palm Drive
Venice, CA 90291
Tax Period: February 2019
Tax owed $236.34
Gross sales $8,608.70
Taxable sales $2,487.60
+ Add an adjustment
Tax due $236.34
File your sales tax now
1. Print the tax form from your state's website and fill it out.
2. Write a check to your agency or print one.
3. Mail the form and check to your agency.
4. When you're done, come back to record the payment in QuickBooks.
Cancel
Select filing method

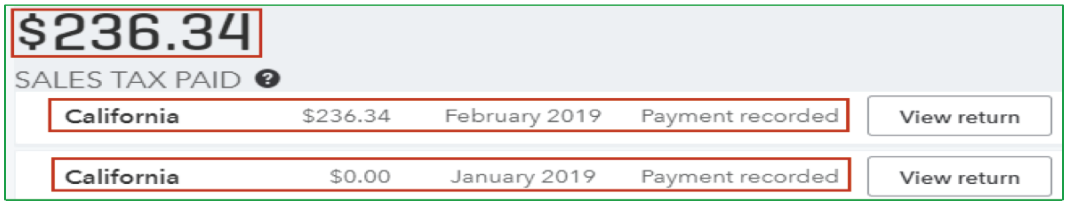
Click **File manually** to view the tax due for February and to record the payment of 236.34
Tax amount: **236.34**
Payment date **03/20/2019**
Bank account: **Checking**



Click the **Record payment** button
View the Return paid and Payment details screen
In the Payment details information, click the date of **03/20/2019** to view your Sales tax payment



Close the Sales tax payment details by clicking the **Close** button at the top-right of the form or by clicking the **Back Arrow** at the top-left of the QBO tab
Click the **Back to sales tax center** button on the Return paid screen
To view the Sales tax payments that you made, click **History** in the Sales Tax center


$236.34
SALES TAX PAID
California $236.34 February 2019 Payment recorded View return
California $0.00 January 2019 Payment recorded View return

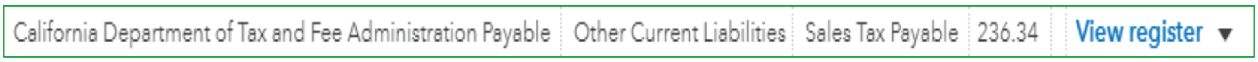
Do not close Your Name's Beach Barkers

SALES TAX PAYMENT WORK AROUND—DO (OPTIONAL)

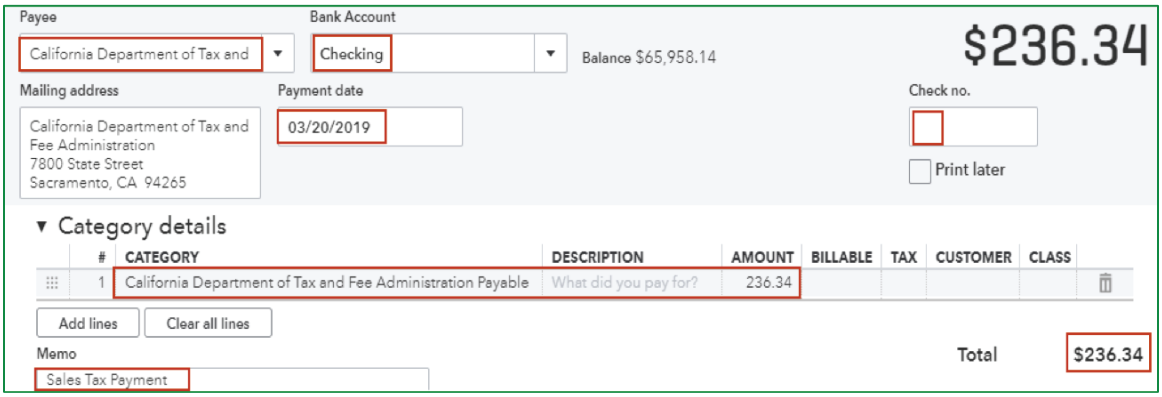
If you were unable to process the sales tax payment in QuickBooks, complete the following work around. By writing a check for the sales tax payment of $236.34, the amounts in your company file should agree with the text, and you will be able to move forward with your training. However, this work around will not be recorded as an actual tax payment. QBO will show that you still owe $236.34 for the February sales taxes collected. (This is similar to writing a check to pay for a bill that has been recorded. The payment was made but the bill still shows that an amount is owed.) If, at a later date, you were able to record the sales tax payment, you would delete the work around check prior to completing the sales tax payment. Please note that in some instances the check may be shown in reports even though it has been deleted. Keep track of that so that you are not alarmed if your report totals to not match.

If necessary, complete the sales tax payment work around

Open the Chart of Accounts and view the liability for California Department of Tax and Fee Administration Payable



Click the **Plus** icon, click **Check** in the Vendors column
Add the Vendor: **California Department of Tax and Fee Administration Payable**,
Address: **7800 State Street**, **Sacramento**, **CA 94265**
Payment date: **03/20/18**
Check no.: (Leave blank)
Account: **California Department of Tax and Fee Administration Payable**
Amount: **236.34**
Memo: **Sales Tax Payment**



8

Click **Save and close** to save the check
Close Your Name's Beach Barkers

CREDIT CARD RECONCILIATION—DRILL

All asset, liability, and equity accounts may be reconciled. As you did when you reconciled the bank statement and the Checking account, it is especially important to reconcile all charge accounts as well.

In this section, you will complete the reconciliation of the MasterCard for the Test Drive Company. During this reconciliation, you will learn how to make a correction when your entry does not match the statement entry. After this drill, you will reconcile the Checking account for Your Name's Beach Barkers. Then, later in the chapter, you will reconcile the Visa account for Your Name's Beach Barkers in the Additional Transactions section.

MEMO:
DATE: Current Date

Reconcile the MasterCard account. The credit card statement is dated the Current Date.

DRILL

Use the **Test Drive Company** and the following credit card statement to reconcile the MasterCard account

- Since the dates in the Test Drive Company are programmed to change automatically, the credit card statement will not use dates. Instead, the transaction types, company names, and amounts will be shown.
- Remember, the Test Drive shows the account name as Mastercard.

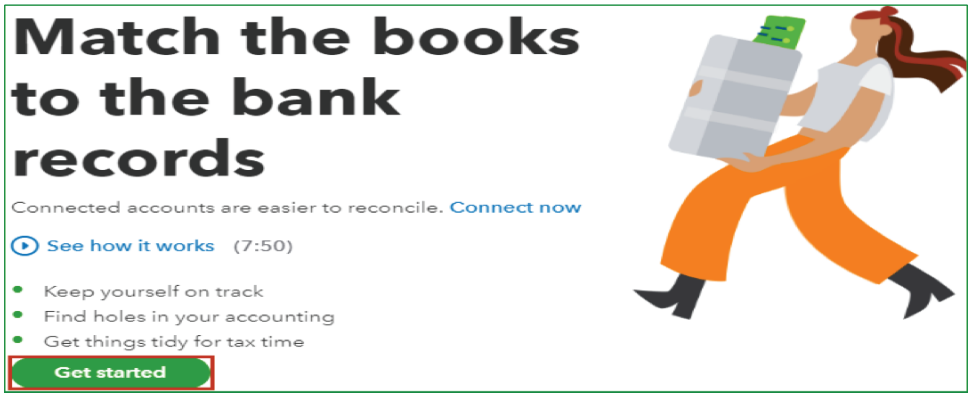
Fidelity
MasterCard
320 First Street
Venice, CA 90202
310-555-2719

Craig's Design and Landscaping Services
123 Sierra Way
San Pablo, CA 87999

Account: 123-321-4566 **Current Date**

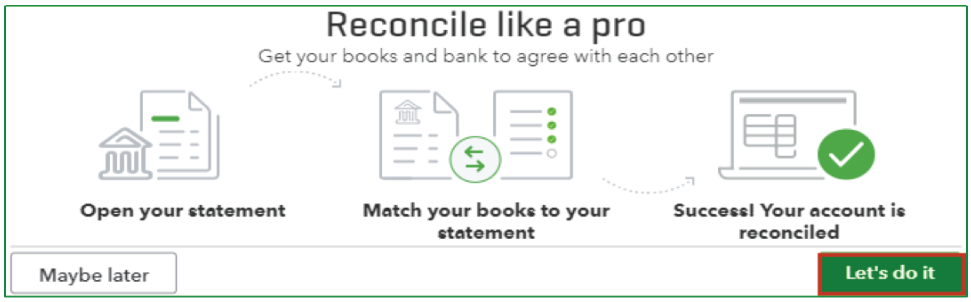
Beginning Balance			**$0.00**
CC-Credit	900.00		-900.00
Expense: Tania's Nursery		158.08	-741.92
Expense: Chin's Gas and Oil		65.00	-676.92
Expense: Hicks Hardware		88.09	-588.83
Expense: Tania's Nursery		54.92	-533.91
Expense: Tania's Nursery		82.45	-451.46
Bill Payment: Cal Telephone		74.36	-377.10
Expense: Ellis Equipment Rental		112.00	-265.10
Expense: Lee Advertising		174.86	-90.24
Bill Payment: Cal Telephone		56.50	-33.74
Bill Payment: Norton Lumber and Building Materials		103.55	69.81
Expense: Chin's Gas and Oil		52.56	122.37
CC Expense: Bob's Burger Joint		18.97	141.34
CC Expense: Squeaky Kleen Car Wash		19.99	161.33
CC Expense: Hicks Hardware		42.40	203.73
CC Expense: Squeaky Kleen Car Wash		19.99	223.72
CC Expense:		34.00	257.72
Ending Balance			**$257.72**

To access the Reconciliation, click the **Gear** icon then click **Reconcile** in the Tools column
or click **Accounting** on the Navigation bar then click the **Reconcile** tab
If you get a screen for Match the books, click **Get started**


Match the books to the bank records
Connected accounts are easier to reconcile. Connect now
See how it works (7:50)
Keep yourself on track
Find holes in your accounting
Get things tidy for tax time
Get started

On the Reconcile like a pro screen, click **Let's do it**

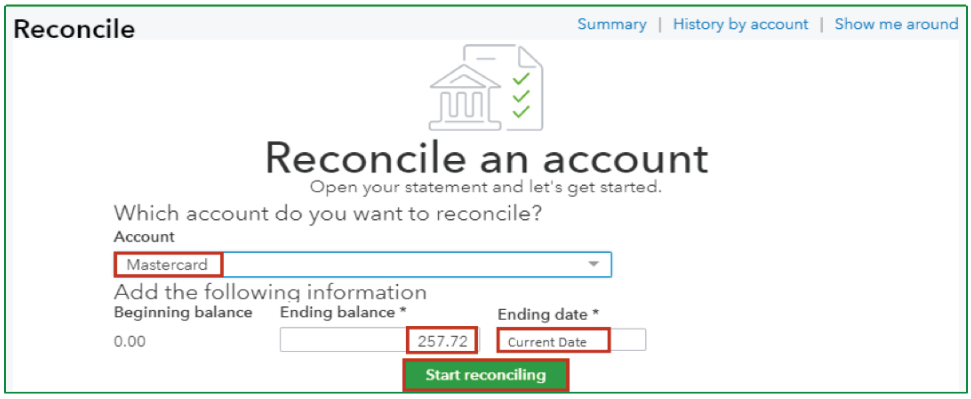
8


Reconcile like a pro
Get your books and bank to agree with each other
Open your statement
Match your books to your statement
Success! Your account is reconciled
Maybe later
Let's do it

On the Reconcile an account screen, click the drop-down list arrow for Account, click **Mastercard**,
Enter the Ending Balance: **257.72**

- This is the balance of the credit card statement.

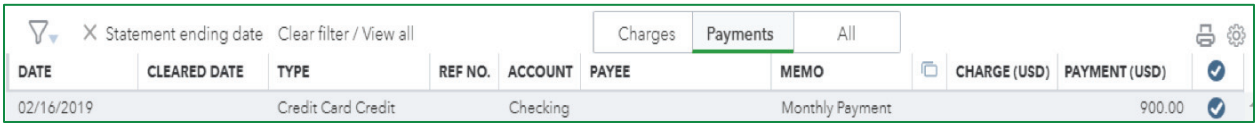
Enter the **Current Date** as the Ending date



Click **Start reconciling**

- The QuickBooks reconciliation has three tabs to use to display the transactions: **Charges** displays all credit card charges made; **Payments** displays all payments made for the credit card; and **All** displays all charges and payments.

Click the **Payments** tab
Click the radio button for the **900.00** payment



Click the **Charges** tab
Click the radio dial for each item listed on the Reconcile – Mastercard screen **EXCEPT** the expense transaction for **Lee Advertising**

- At this point, the Difference in the gray area is $174.86.
- The amount shown for Lee Advertising in QuickBooks Online is **74.86** and on the credit card statement it is **174.86**.

Point to the transaction for Lee Advertising on the QuickBooks Reconcile – Mastercard screen
When the line turns blue, click the **74.86** transaction (not the check box)

- You will see the transaction.

To change the transaction, click the **Edit** button to return to the original Expense form, change the amount to **174.86** OR you may click in the Charge text box and change the amount to **174.86**

After changing the amount, click **Save and close** on the Expense form; OR click the **Save** button for the transaction—shown below

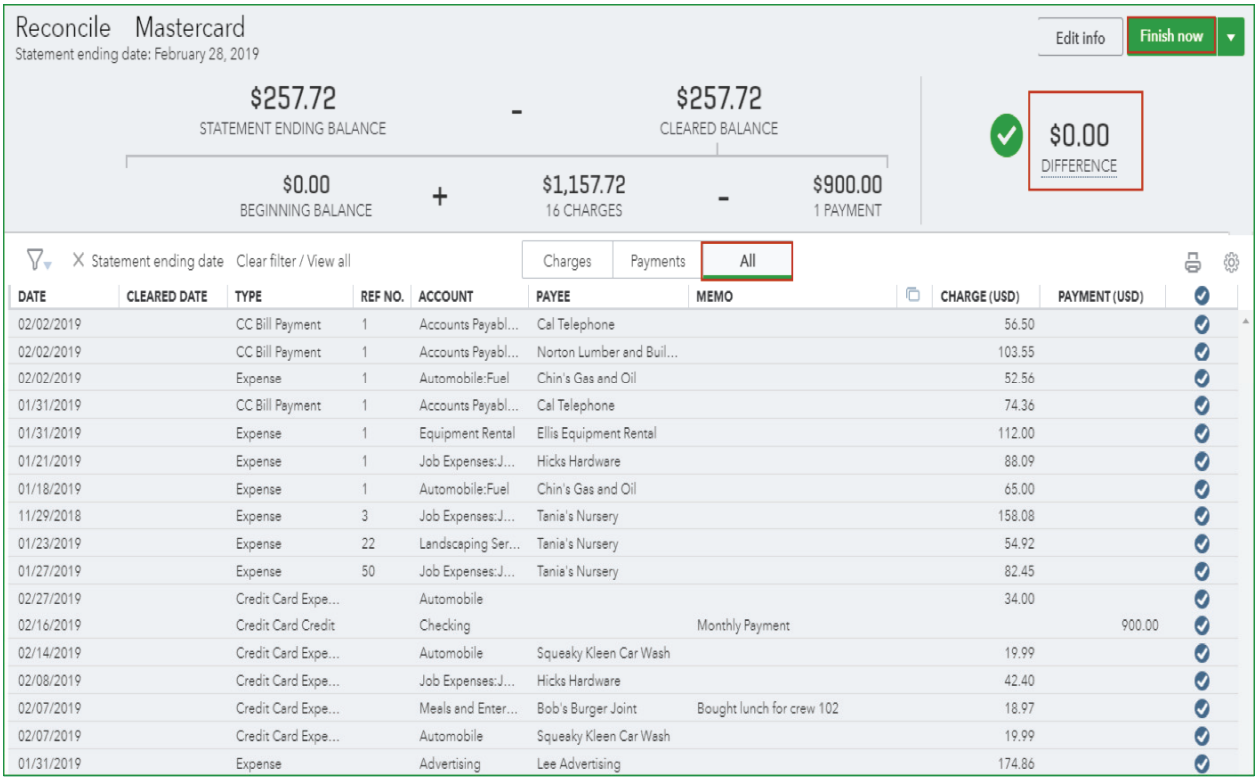
- After saving the change to the transaction, you return to the Reconcile – Mastercard window. If not it does not show automatically, click the **Gear** icon, click **Reconcile**, then click the **Resume Reconciling** button.
- The amount for Lee Advertising now shows 174.86.

Click the radio dial for Lee Advertising to select it

- The Difference is now 0.00.

Click the **All** tab

- View the reconciliation.

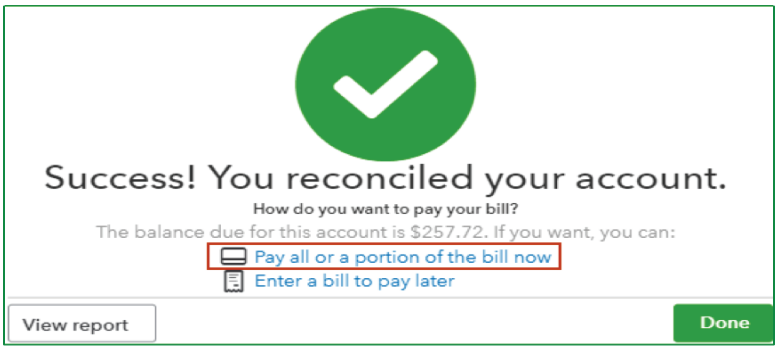


DATE	CLEARED DATE	TYPE	REF NO.	ACCOUNT	PAYEE	MEMO	CHARGE (USD)	PAYMENT (USD)
02/02/2019		CC Bill Payment	1	Accounts Payabl...	Cal Telephone		56.50	
02/02/2019		CC Bill Payment	1	Accounts Payabl...	Norton Lumber and Buil...		103.55	
02/02/2019		Expense	1	Automobile:Fuel	Chin's Gas and Oil		52.56	
01/31/2019		CC Bill Payment	1	Accounts Payabl...	Cal Telephone		74.36	
01/31/2019		Expense	1	Equipment Rental	Ellis Equipment Rental		112.00	
01/21/2019		Expense	1	Job Expenses:J...	Hicks Hardware		88.09	
01/18/2019		Expense	1	Automobile:Fuel	Chin's Gas and Oil		65.00	
11/29/2018		Expense	3	Job Expenses:J...	Tania's Nursery		158.08	
01/23/2019		Expense	22	Landscaping Ser...	Tania's Nursery		54.92	
01/27/2019		Expense	50	Job Expenses:J...	Tania's Nursery		82.45	
02/27/2019		Credit Card Expe...		Automobile			34.00	
02/16/2019		Credit Card Credit		Checking		Monthly Payment		900.00
02/14/2019		Credit Card Expe...		Automobile	Squeaky Kleen Car Wash		19.99	
02/08/2019		Credit Card Expe...		Job Expenses:J...	Hicks Hardware		42.40	
02/07/2019		Credit Card Expe...		Meals and Enter...	Bob's Burger Joint	Bought lunch for crew 102	18.97	
02/07/2019		Credit Card Expe...		Automobile	Squeaky Kleen Car Wash		19.99	
01/31/2019		Expense		Advertising	Lee Advertising		174.86	

If your reconciliation matches, click **Finish Now**

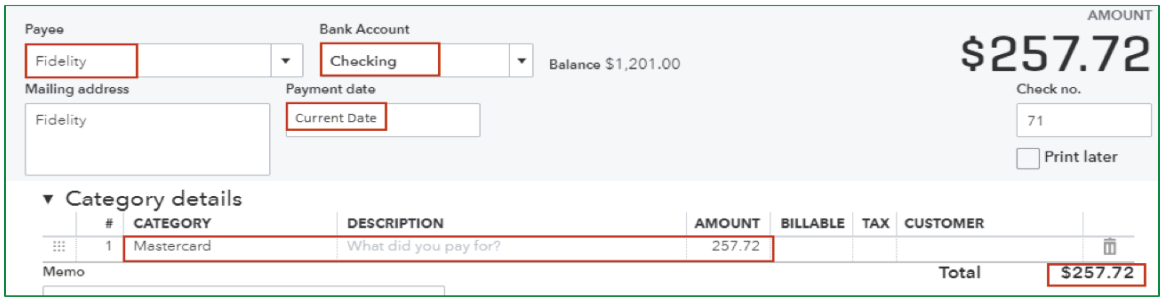
- If not, find the error(s) and make the corrections.
- You will get a Success! You reconciled your account. screen with selections: to Pay all or a portion of the bill now or to Enter a bill to pay later.

Click **Pay all or a portion of the bill now**


Success! You reconciled your account.
How do you want to pay your bill?
The balance due for this account is $257.72. If you want, you can:
Pay all or a portion of the bill now
Enter a bill to pay later
View report
Done

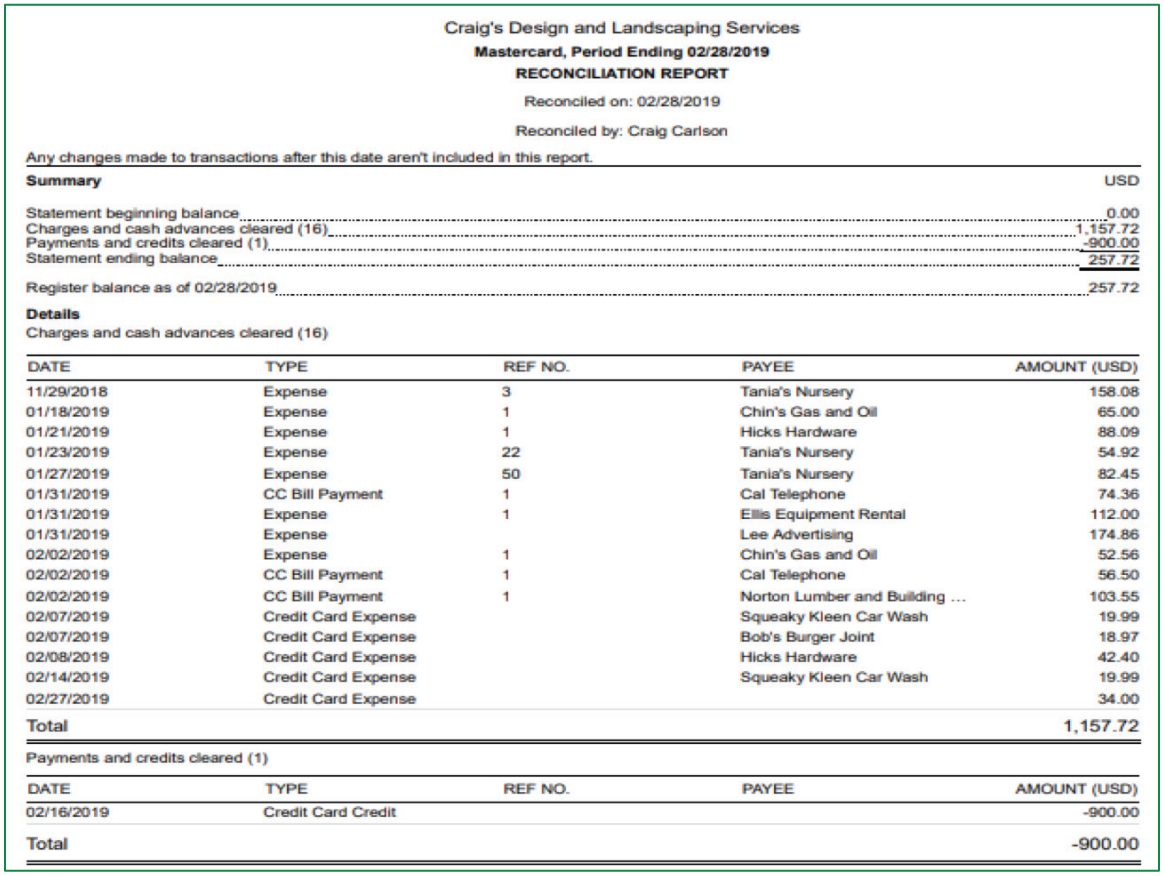
- You are taken to a check that has been prepared for $257.72.

To complete the check, click the drop-down list arrow for Choose a payee, click **Fidelity**



Click **Save and close** on the Check

Return to the Success! You reconciled your account. screen, click **View report**



Craig's Design and Landscaping Services

Mastercard, Period Ending 02/28/2019

RECONCILIATION REPORT

Reconciled on: 02/28/2019

Reconciled by: Craig Carlson

Any changes made to transactions after this date aren't included in this report.

Summary USD

Statement beginning balance	0.00
Charges and cash advances cleared (16)	1,157.72
Payments and credits cleared (1)	-900.00
Statement ending balance	257.72
Register balance as of 02/28/2019	257.72

Details

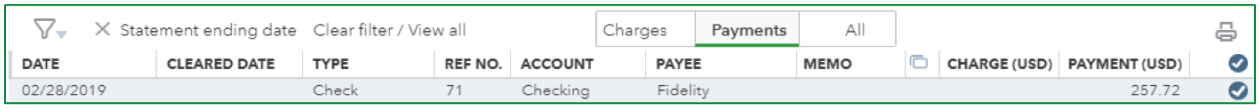
Charges and cash advances cleared (16)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
11/29/2018	Expense	3	Tania's Nursery	158.08
01/18/2019	Expense	1	Chin's Gas and Oil	65.00
01/21/2019	Expense	1	Hicks Hardware	88.09
01/23/2019	Expense	22	Tania's Nursery	54.92
01/27/2019	Expense	50	Tania's Nursery	82.45
01/31/2019	CC Bill Payment	1	Cal Telephone	74.36
01/31/2019	Expense	1	Ellis Equipment Rental	112.00
01/31/2019	Expense		Lee Advertising	174.86
02/02/2019	Expense	1	Chin's Gas and Oil	52.56
02/02/2019	CC Bill Payment	1	Cal Telephone	56.50
02/02/2019	CC Bill Payment	1	Norton Lumber and Building ...	103.55
02/07/2019	Credit Card Expense		Squeaky Kleen Car Wash	19.99
02/07/2019	Credit Card Expense		Bob's Burger Joint	18.97
02/08/2019	Credit Card Expense		Hicks Hardware	42.40
02/14/2019	Credit Card Expense		Squeaky Kleen Car Wash	19.99
02/27/2019	Credit Card Expense			34.00
Total				1,157.72

Payments and credits cleared (1)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
02/16/2019	Credit Card Credit			-900.00
Total				-900.00

- The report shown used the date of 02/28/2019, your report will show the current date.
- As you look at the report, note the Register Balance of $257.72. This represents the ending balance for the reconciliation you just performed. After finishing the reconciliation, QuickBooks prepared the Check to pay the Mastercard Bill. The next time you reconcile this account, you will select the Check that will show on the Payments tab.



Close the Test Drive Company

BANK RECONCILIATION—READ

As you remember from Chapter 5, the checking account should be reconciled with the bank statement every month to make sure that the balances agree. The bank statement will rarely have an ending balance that matches the balance of the checking account. This is due to several factors: outstanding checks (written by the business but not yet paid by the bank), deposits in transit (deposits that were made too late to be included on the bank statement), bank service charges, interest earned on checking accounts, collections made by the bank, and errors made in recording checks and/or deposits by the company or by the bank.

Many companies sign up for online banking and use the bank feeds that are matched to recorded transactions. Since Your Name's Beach Barkers is not a real company, we cannot sign up for online banking. As a result, Bank Feeds and Online Banking are not included in this chapter.
In order to have an accurate amount listed as the balance in the checking account, it is important that the differences between the bank statement and the Checking account be reconciled. If something such as a service charge or a collection made by the bank appears on the bank statement, it needs to be recorded in the checking account.

RECONCILE CHECKING—DO

In Chapter 5, you completed several bank reconciliations. As a result, you will not complete a drill to reconcile the Checking account. When you reconcile the Checking account, you are matching the entries in your Checking account with the entries shown on your bank statement. The procedures to Reconcile Checking have been divided into sections marked with green side headings.

MEMO
DATE: February 28, 2019

Reconcile the Checking account. The bank statement is dated February 28, 2019.

DO

Use **Your Name's Beach Barkers** to reconcile the Checking account

Bank Statement Information

Some information appearing on the bank statement is entered into the Begin Reconciliation window. This information includes the statement date, ending balance, bank service charges, and interest earned.

Use the following bank statement for Your Name's Beach Barkers as you follow the written instructions to reconcile the checking account. (Do not try to reconcile the bank statement without following the instructions provided.)

Ocean Bank
273 Ocean Park Boulevard
Venice, CA 90202
310-555-9889

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 92091

Account: 123-321-4566 **February 28, 2019**

Beginning Balance, 2/1/2019			**$57,940.89**
1/27/2019 Check 14		$300.00	57,640.89
1/27/2019 Check 16		125.00	57,515.89
1/30/2019 Deposit	$3,000.00		60,515.89
1/30/2019 Deposit	2,000.00		62,515.89
1/30/2019 Check 17		500.00	62,015.89
1/31/19 Check 18		600.00	61,415.89
2/09/2019 Deposit	3,166.94		64,582.83
2/10/2019 NSF Check		80.00	64,502.83
2/14/2019 Deposit	6,698.49		71,201.32
2/15/2019 NSF Check		71.18	71,130.14
2/15/2019 Equipment Loan Pmt.: Principal $29.53. Interest $8.21:		37.74	71,092.24
2/20/19 Check 19		500.00	70,592.40
2/20/19 Check 20		490.00	70,102.40
2/20/2019 Check 21		85.00	70,017.40
2/20/2019 Check 22		1,400.00	68,617.40
2/20/2019 Sales Tax Payment	0.00		68,617.40
2/22/2019 Check 23		1,500.00	67,117.40
2/22/2019 Check 24		154.00	66,963.40
2/22/2019 Check 27		220.50	66,742.90
2/28/2019 Furniture & Fixtures Loan Pmt: Principal: $36.92, Interest: 10.26		47.18	66,695.72
Service Charge		56.00	66,639.72
Interest	96.57		**66,736.29**
Ending Balance			**$66,736.29**

Begin Reconciliation

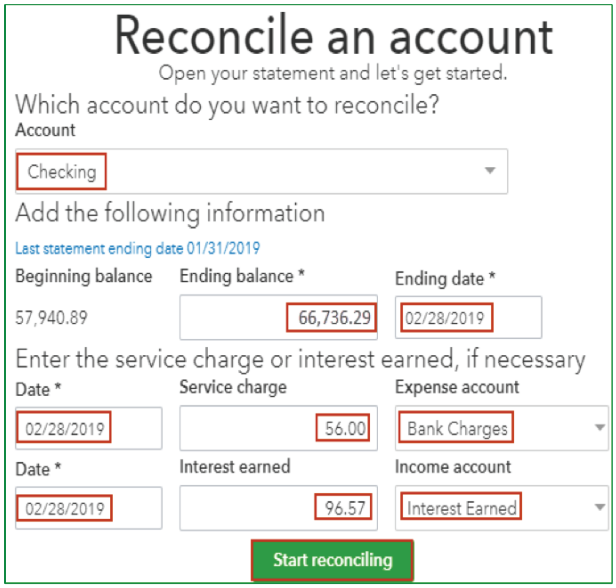
As you learned previously, the first part of the reconciliation is to enter the bank statement information.

Begin the Checking Account Reconciliation for **Your Name's Beach Barkers**

Click the **Gear** icon then click **Reconcile** in the Tools column, or click **Accounting** on the Navigation bar then click the **Reconcile** tab

Account: **Checking**

- Since you have done bank reconciliations before, you should not see the introductory reconciliation screens that appeared when you reconciled the MasterCard as a drill.
- QuickBooks Online inserts the Beginning Balance of $57,940.89.



Enter the Ending balance of **66,736.29**

Enter the Ending date **02/28/19**

Enter the information for service charge: Date: **02/28/19**, Service charge: **56.00**, Expense account: **Bank Charges**

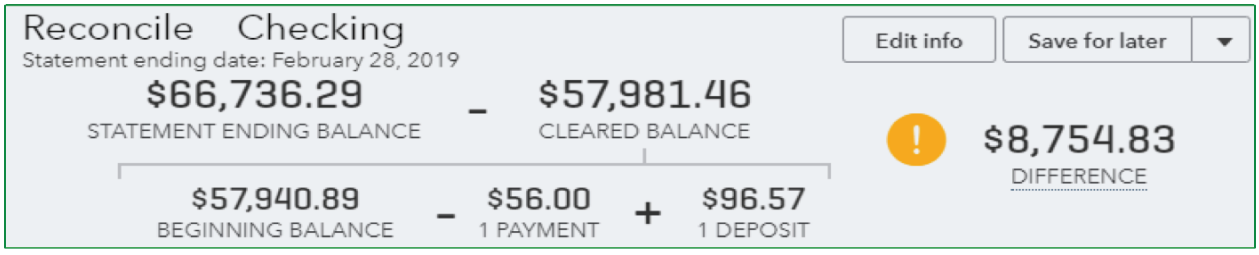
- The normal bank service charge is $16 per month. Each NSF check incurs a $20 bank charge. In February there were two NSF checks for an additional $40 in bank charges.

Enter the information for Interest earned: Date **02/28/19**, Interest earned: **96.57**, Income account: **Interest Earned**

- Double-check the dates for Service Charge and Interest Earned to make sure you used 02/28/2019.

Click the **Start reconciling** button

- You are taken to Reconcile – Checking. Notice that the Service Charge and Interest are shown with a check mark and the statement information entered is shown in the gray summary area.
- As you look at the statement information, you will see a Cleared Balance of 57,981.46 and a Difference of 8,754.83. If you take the Beginning Balance, subtract the service charge and add the interest earned, that becomes the Cleared Balance (57,940.89 - 56.00 + 96.57 = 57,981.46). Subtract the Statement Ending Balance and the Cleared Balance to determine the Difference (66,736.29 – 57,981.46 = 8,754.83). When you complete the Bank Reconciliation, the Difference must be 0.00.
- If any of the amounts in the gray area do not match the following screenshot, click the Edit Info button, and make the appropriate corrections.



Do not close Your Name's Beach Barkers, continue to the next section

- If you do not have time to complete the Bank Reconciliation, click the **Saver for Later** button to save your work up to this point.

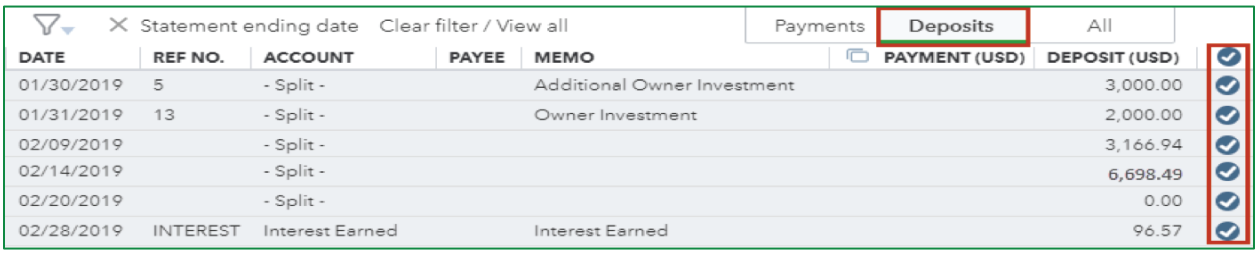
Mark Cleared Transactions

Once bank statement information for service charges and interest has been entered, compare the checks and deposits listed on the statement with the transactions for the checking account. Unless all checks and deposits are included on the bank statement, each item should be marked individually by clicking the radio dial for the deposit or the check.

Continue with **Your Name's Beach Barkers** Checking Account Reconciliation and mark cleared checks and deposits

Compare the bank statement with the **Reconcile Checking** window
Click the **Deposits** tab
Click the deposits that appear on the bank statement and in your QuickBooks Online information
Be sure to click the Sales Tax Payment of 0.00 to mark

- Notice that Interest Earned appears with the deposits and that the radio dial is marked.



DATE	REF NO.	ACCOUNT	PAYEE	MEMO	PAYMENT (USD)	DEPOSIT (USD)	
01/30/2019	5	- Split -		Additional Owner Investment		3,000.00	✓
01/31/2019	13	- Split -		Owner Investment		2,000.00	✓
02/09/2019		- Split -				3,166.94	✓
02/14/2019		- Split -				6,698.49	✓
02/20/2019		- Split -				0.00	✓
02/28/2019	INTEREST	Interest Earned		Interest Earned		96.57	✓

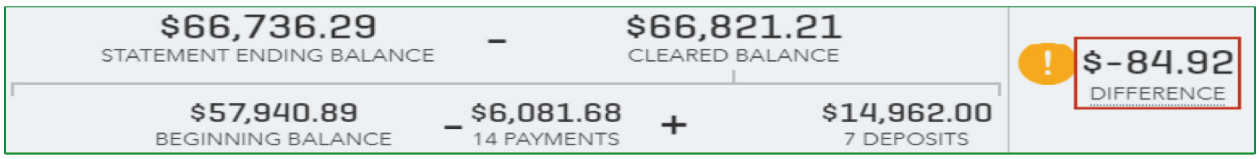
- Make sure the amounts for your transactions match the amounts shown in the Bank Statement. If not, click the transaction in the Reconcile – Checking window, refer to the bulleted items below for suggestions on where to make the appropriate corrections:
  - If the error is on a Bank Deposit, refer to the Chapter 3 section for corrections to a bank deposit.
  - If there is an error on a Payment by a customer, both the original Invoice and Receive Payments may need to be corrected.

Click the **Payments** tab, then click the payments that appear in both the bank statement and your QuickBooks Online information

- If you need to make corrections to Payments, refer to the following suggestions:
  - Remember, corrections to a Check, Expense, Petty Cash, or Sales Receipt are made directly on the original business form.
  - In the case of a Bill Payment, the correction may need to be made on both the original Bill and the Bill Payment.
- When you click Save and close on the business form after making corrections, you need to return to the Reconcile – Checking window. If not it does not show automatically, click the Gear icon, click Reconcile, then click the Resume Reconciling button.
- If you are unable to complete the reconciliation in one session, click the **Save for Later** button to leave the reconciliation and return to it later.
- The automatic loan payments of $37.74 for the Equipment Loan and $47.18 for the Furniture & Fixtures Loan have not been recorded. So they will appear in the bank statement but not in Reconcile – Checking.
- Make sure your Reconcile – Checking screen matches the following screen.

DATE	REF NO.	ACCOUNT	PAYEE	MEMO	PAYMENT (USD)	DEPOSIT (USD)	
01/27/2019	14	Accounts Payable (A/P)	Canine Supplies	Partial Payment	300.00		✓
01/27/2019	16	Accounts Payable (A/P)	Beach Advertising		125.00		✓
01/30/2019	17	Your Name, Capital:Your Name, Drawing		Semi-Monthly Withdrawal	500.00		✓
01/31/2019	18	Your Name, Capital:Your Name, Drawing		Semi-Monthly Withdrawal	600.00		✓
02/10/2019	17	- Split -		NSF Check	80.00		✓
02/15/2019	18	- Split -		NSF Check	71.18		✓
02/20/2019	19	Accounts Payable (A/P)	Canine Supplies		500.00		✓
02/20/2019	20	Accounts Payable (A/P)	Pawsitively Accessories		490.00		✓
02/20/2019	21	Utilities:Water	Malibu Water District	Malibu Monthly Water	85.00		✓
02/20/2019	22	Rent or Lease	Malibu Rentals	Malibu Monthly Rent	1,400.00		✓
02/22/2019	23	Rent or Lease	Venice Rentals	Venice Monthly Rent	1,500.00		✓
02/22/2019	24	Utilities:Gas-Heating	Southern California Gas Company	Venice Monthly Gas	154.00		✓
02/22/2019	25	Utilities:Water	Marina Water District	Venice Monthly Water	125.00		
02/22/2019	26	Utilities:Electric	CA Electric Co.	Venice Monthly Electricity	75.00		
02/22/2019	27	Accounts Payable (A/P)	Supplies Galore		220.50		✓
02/26/2019	28	Accounts Payable (A/P)	Happy Wags		122.50		
02/27/2019	29	Your Name, Capital:Your Name, Drawing		Semi-Monthly Withdrawal	500.00		
02/28/2019	SVCCHRG	Bank Charges		Service Charge	56.00		✓

When you view the information for Payments, Deposits, and Difference, notice the Difference of **-84.92**



Continue to use Your Name Beach Barkers to complete the next section

Adjusting Entries—Bank Reconciliation

When you have an automatic loan payment setup with the bank, the payment amount will be deducted from your bank account each month. As a result, you will need to enter the loan payment.

With **Your Name's Beach Barkers** Reconcile - Checking window still showing, enter the automatic loan payment

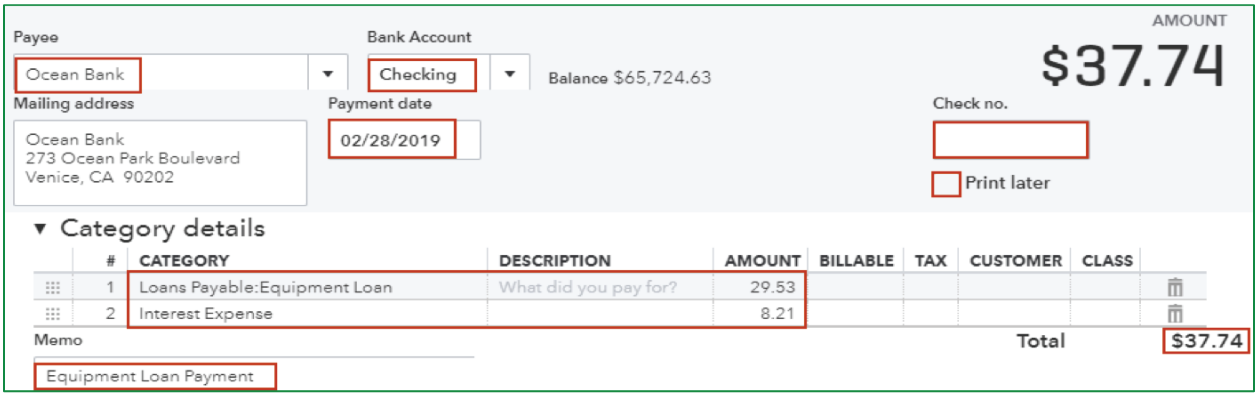
With Reconcile – Checking on the screen, click the **Plus** icon, and then click **Check** in the Vendors column
Record the check as previously instructed
Payee: **Ocean Bank**
Payment Account: **Checking**
Payment date: **02/28/2019**
Click **Print later** to unmark
Check no.: Leave Blank

- You may see information for a previous loan payment. If so, click **Clear all lines**.

Line 1: Account: **Equipment Loan**, Amount: **29.53**
Line 2: Account: **Interest Expense**, Amount: **8.21**
Memo: **Equipment Loan Payment**

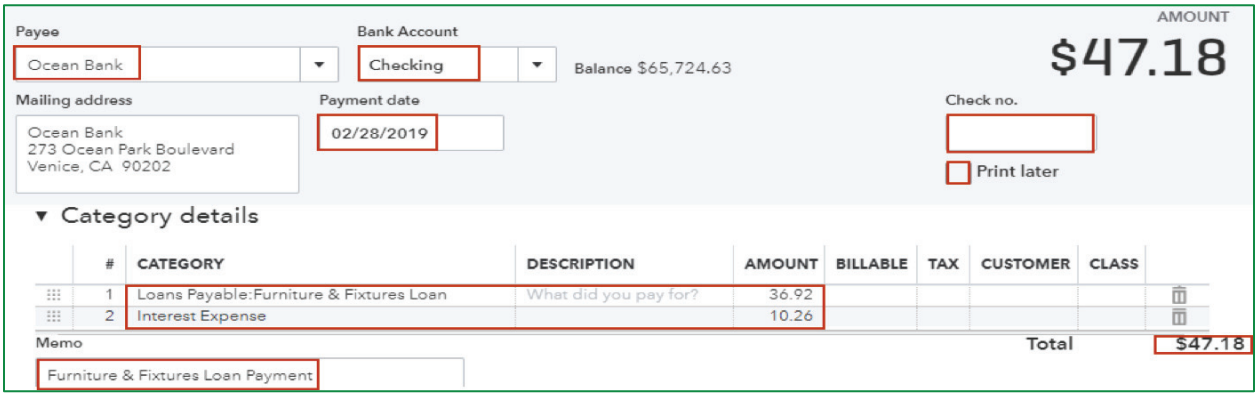
- If you were to compare this equipment loan payment to the one recorded in January, you would see that the total payment amount is the same. However, the amount of the

payment for principal has increased and the amount of interest has decreased. As you pay for a loan, each month you owe less for the principal, so the amount of interest paid is less.



Click **Save and new**

Use the Bank Statement information and record the payment for the Furniture & Fixtures Loan

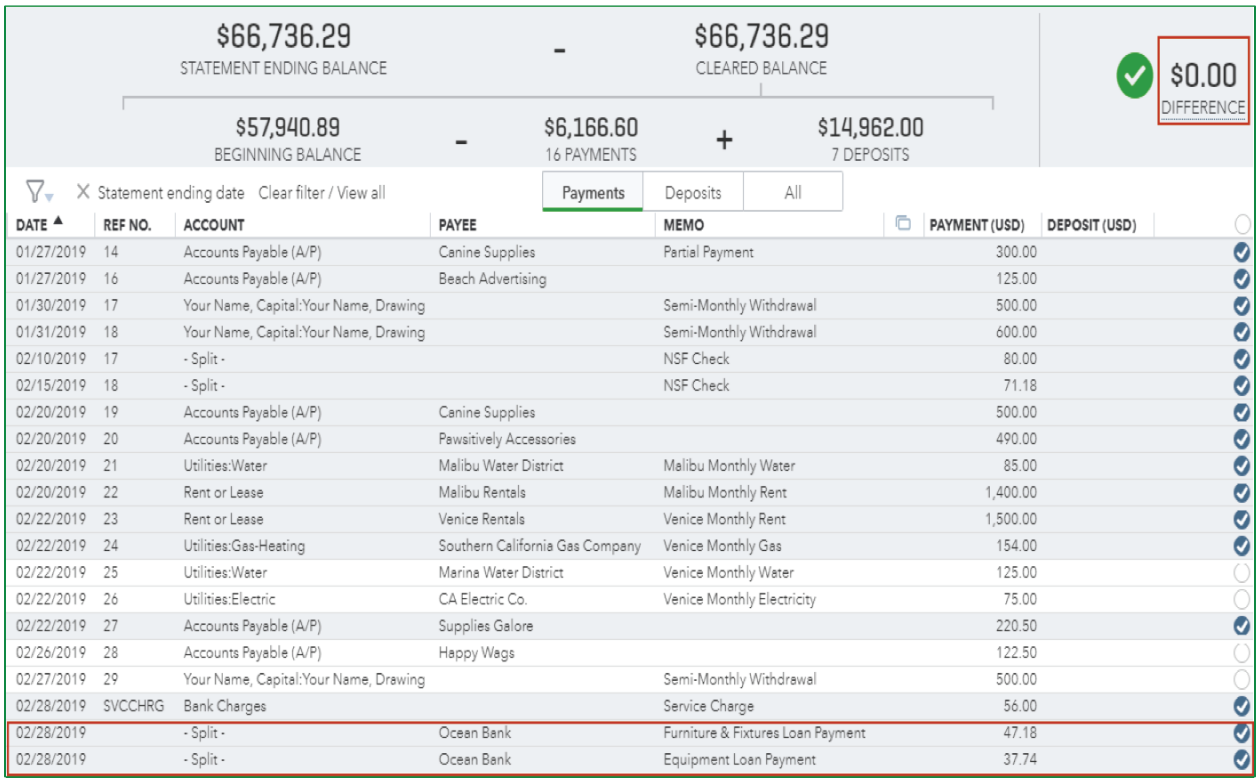


Click **Save and close**; if necessary, close the Check screen

- When you click Save and close after recording the checks, you need to return to the Reconcile – Checking window. If it does not show automatically, follow the procedures presented in the Begin Reconciliation section.

Click the **Checks** you just entered for the automatic loan payments to **Beach Bank**

- The Difference is now 0.00. If your difference is not, find and correct your errors, make sure you marked only those checks and deposits listed in the Bank Statement.



$66,736.29 STATEMENT ENDING BALANCE	-	$66,736.29 CLEARED BALANCE	$0.00 DIFFERENCE
$57,940.89 BEGINNING BALANCE	- $6,166.60 16 PAYMENTS	+ $14,962.00 7 DEPOSITS	

Statement ending date Clear filter / View all — Payments | Deposits | All

DATE	REF NO.	ACCOUNT	PAYEE	MEMO	PAYMENT (USD)	DEPOSIT (USD)	
01/27/2019	14	Accounts Payable (A/P)	Canine Supplies	Partial Payment	300.00		✓
01/27/2019	16	Accounts Payable (A/P)	Beach Advertising		125.00		✓
01/30/2019	17	Your Name, Capital:Your Name, Drawing		Semi-Monthly Withdrawal	500.00		✓
01/31/2019	18	Your Name, Capital:Your Name, Drawing		Semi-Monthly Withdrawal	600.00		✓
02/10/2019	17	- Split -		NSF Check	80.00		✓
02/15/2019	18	- Split -		NSF Check	71.18		✓
02/20/2019	19	Accounts Payable (A/P)	Canine Supplies		500.00		✓
02/20/2019	20	Accounts Payable (A/P)	Pawsitively Accessories		490.00		✓
02/20/2019	21	Utilities:Water	Malibu Water District	Malibu Monthly Water	85.00		✓
02/20/2019	22	Rent or Lease	Malibu Rentals	Malibu Monthly Rent	1,400.00		✓
02/22/2019	23	Rent or Lease	Venice Rentals	Venice Monthly Rent	1,500.00		✓
02/22/2019	24	Utilities:Gas-Heating	Southern California Gas Company	Venice Monthly Gas	154.00		✓
02/22/2019	25	Utilities:Water	Marina Water District	Venice Monthly Water	125.00		
02/22/2019	26	Utilities:Electric	CA Electric Co.	Venice Monthly Electricity	75.00		
02/22/2019	27	Accounts Payable (A/P)	Supplies Galore		220.50		✓
02/26/2019	28	Accounts Payable (A/P)	Happy Wags		122.50		
02/27/2019	29	Your Name, Capital:Your Name, Drawing		Semi-Monthly Withdrawal	500.00		
02/28/2019	SVCCHRG	Bank Charges		Service Charge	56.00		✓
02/28/2019		- Split -	Ocean Bank	Furniture & Fixtures Loan Payment	47.18		✓
02/28/2019		- Split -	Ocean Bank	Equipment Loan Payment	37.74		✓

With a Difference of 0.00, click the **Finish Now** button
After clicking Finish Now, you should get the Success! You reconciled your account. screen
Do not close Your Name's Beach Barkers continue with the next section

Reconciliation Report

Prepare the Reconciliation report for **Your Name's Beach Barkers**

Click **View report** button on the Success! You reconciled your account. screen
The report is divided into three sections:

Summary—summarizes Checking account information
Details—lists the Checks, Payments, Deposits, and Other Credits cleared
Additional Information—lists Uncleared Checks, Payments, Deposits, and Credits as of 02/28/2019

8

RECONCILIATION REPORT

Reconciled on: 02/28/2019

Reconciled by: Your Name

Any changes made to transactions after this date aren't included in this report.

Summary

	USD
Statement beginning balance	57,940.89
Service charge	-56.00
Interest earned	96.57
Checks and payments cleared (15)	-6,110.60
Deposits and other credits cleared (6)	14,865.43
Statement ending balance	66,736.29
Uncleared transactions as of 02/28/2019	-822.50
Register balance as of 02/28/2019	65,913.79
Cleared transactions after 02/28/2019	0.00
Uncleared transactions after 02/28/2019	-236.34
Register balance as of 02/28/2019	65,677.45

Details

Checks and payments cleared (15)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
01/27/2019	Bill Payment	14	Canine Supplies	-300.00
01/27/2019	Bill Payment	16	Beach Advertising	-125.00
01/30/2019	Check	17		-500.00
01/31/2019	Check	18		-600.00
02/10/2019	Journal	17		-80.00
02/15/2019	Journal	18		-71.18
02/20/2019	Check	21	Malibu Water District	-85.00
02/20/2019	Check	22	Malibu Rentals	-1,400.00
02/20/2019	Bill Payment	20	Pawsitively Accessories	-490.00
02/20/2019	Bill Payment	19	Canine Supplies	-500.00
02/22/2019	Check	23	Venice Rentals	-1,500.00
02/22/2019	Bill Payment	27	Supplies Galore	-220.50
02/22/2019	Check	24	Southern California Gas Company	-154.00
02/28/2019	Check		Ocean Bank	-47.18
02/28/2019	Check		Ocean Bank	-37.74
Total				-6,110.60

Deposits and other credits cleared (6)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
01/30/2019	Journal	5		3,000.00
01/31/2019	Journal	13		2,000.00
02/09/2019	Deposit			3,166.94
02/14/2019	Deposit			6,627.31
02/20/2019	Sales Tax Payment			0.00
Total				14,865.43

Additional Information

Uncleared checks and payments as of 02/28/2019

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
02/22/2019	Check	26	CA Electric Co.	-75.00
02/22/2019	Check	25	Marina Water District	-125.00
02/26/2019	Bill Payment	28	Happy Wags	-122.50
02/27/2019	Check	29		-500.00
Total				-822.50

Uncleared checks and payments after 02/28/2019

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
03/20/2019	Check Tax Payment	30	California Department of Tax and F...	-236.34
Total				-236.34

Partial Report

Print in Portrait as previously instructed

- If you print to a pdf file, save as **6-Your Name Ck Reconcil Rpt Ch 8**
- You cannot export this report to Excel.

Do not close Your Name's Beach Barkers

VIEW CHECKING ACCOUNT REGISTER—DO

Once the Checking account and bank statement have been reconciled, it is wise to scroll through the Checking account register to view the effect of the reconciliation on the account. You will

notice a column with a check mark. As you scroll through the register, transactions that were reconciled are marked with an R.

Continue to use **Your Name's Beach Barkers** and view the Checking account register

Open the Chart of Accounts and click **View Register** for Checking
Scroll through the Register and view the transactions

- Notice that the Service Charge, Interest, Equipment Loan Payment, and Furniture & Fixtures Loan Payment are shown and marked with an R. As you scroll through the register, you will see that all of the other transactions selected during the reconciliation are also marked with an R. If there is no R shown, that means the transaction was not reconciled.

DATE	REF NO. TYPE	PAYEE ACCOUNT	MEMO	PAYMENT	DEPOSIT	✓	BALANCE
Add check							
03/20/2019	Sales Tax Payment	-Split-		$236.34			$65,677.45
02/28/2019	Check	Ocean Bank -Split-	Furniture & Fixtures Loan Payment	$47.18		R	$65,913.79
02/28/2019	Check	Ocean Bank -Split-	Equipment Loan Payment	$37.74		R	$65,960.97
02/28/2019	SVCCHRG Check	Bank Charges	Service Charge	$56.00		R	$65,998.71
02/28/2019	INTEREST Deposit	Interest Earned	Interest Earned		$96.57	R	$66,054.71
02/27/2019	29 Check	Your Name, Capital:Your Name, Drawing	Semi-Monthly Withdrawal	$500.00			$65,958.14
02/26/2019	28 Bill Payment	Happy Wags Accounts Payable (A/P)		$122.50			$66,458.14
02/22/2019	27 Bill Payment	Supplies Galore Accounts Payable (A/P)		$220.50		R	$66,580.64

Partial Register

Close Your Name's Beach Barkers

CLOSING ENTRIES—READ

In accounting, there are four closing entries that must be made in order to close the books for a period. They include: Close all income accounts into the Income Summary account; close expense accounts into the Income Summary account; close the Income Summary account and transfer the net income or net loss into the owner's capital account; and close the drawing account into the owner's capital account.

In QuickBooks Online, setting a closing date replaces closing income and expense accounts. QuickBooks Online does not close the owner's drawing account or transfer Retained Earnings into Net Income. As a result, these two closing entries are recorded as Journal Entries. Rather than use an Income Summary account, QuickBooks Online automatically transfers Net Income into Retained Earnings. Retained Earnings contains the amount of all Net Income earned and is separate from Your Name, Capital. According to GAAP, a sole proprietorship should have net income included in the owner's capital account not in retained earnings.

The closing entry for Drawing will be recorded in Your Name's Beach Barkers. All of the other closing entries will be practiced using the Test Drive Company and then entered as additional transactions in Your Name's Beach Barkers. Reports will be prepared to obtain closing entry data.

CLOSE DRAWING—DO

The closing entry for Drawing transfers the amount of owner withdrawals into Your Name, Capital. In the Additional Transactions section of the chapter, you will record and close an additional withdrawal.

DO

Open **Your Name's Beach Barkers** and close Your Name, Drawing

Open the Chart of Accounts and view the balance for Your Name, Drawing

Your Name, Capital	Equity	Owner's Equity	175,447.16
Your Name, Drawing	Equity	Owner's Equity	-500.00
Your Name, Investment	Equity	Owner's Equity	55,735.00

Click the **Plus** icon, click **Journal Entry** in the Other column
Enter the Date: **02/28/19**
Journal no.: **24**

- The Journal number 24 should appear automatically, if not, enter it.

Line 1: Account: **Your Name, Capital**, Debits: **500**, Description: **Close Drawing**

- Remember that a withdrawal reduces owner's equity and that a reduction to owner's equity is recorded as a debit.

Line 2: Account: **Your Name, Drawing**, Credits: **500**, Description: **Close Drawing**

Journal date 02/28/2019 Journal no. 24

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION
1	Your Name, Capital	500.00		Close Drawing
2	Your Name, Capital:Your Name, Drawing		500.00	Close Drawing

Click **Save and close**
View the account in the Chart of Accounts

- The balance for Your Name, Drawing is 0.00.

Your Name, Capital	Equity	Owner's Equity	175,447.16
Your Name, Drawing	Equity	Owner's Equity	0.00
Your Name, Investment	Equity	Owner's Equity	55,735.00

Close Your Name's Beach Barkers

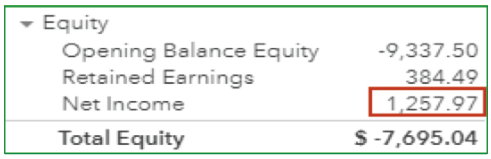
BALANCE SHEET—DRILL

As you learned in earlier chapters, the Balance Sheet proves the fundamental accounting equation: Assets = Liabilities + Owner's Equity. Because of the automatic date changes in the Test Drive Company, reports will not match the text unless you use a date range from January 1, 2018 until the current date.

Open the **Test Drive Company** and prepare the Balance Sheet

Open **Reports**, select **Accountant Reports** as the report category, click **Balance Sheet**
Enter the Dates From: **01/01/18** To: **Current Date**, click **Run Report**
Scroll down to the Equity section of the report

- Because of the changing dates, your amount for Net Income will not be an exact match with the following example. Do not be concerned; simply continue with the closing entries using the amounts shown for Net Income in the Equity section in your report.
- As you review the Balance Sheet, you will see an amount in Retained Earnings. That amount should be added to the Net Income to determine the amount of the closing entry.



Equity	
Opening Balance Equity	-9,337.50
Retained Earnings	384.49
Net Income	1,257.97
Total Equity	$ -7,695.04

- If Retained Earnings does not have a balance, your closing entry would be for Net Income only.
- Again, if your numbers do not match the ones shown, do not be concerned.

Do not close the Test Drive Company

TRANSFER NET INCOME—DRILL

At the end of the year, Net Income is transferred into Retained Earnings by QuickBooks Online. Because Craig's Design and Landscaping Services is a sole proprietorship, the amount of Net Income should be included in the Open Balance Equity account not Retained Earnings. A Journal Entry needs to be recorded to transfer Net Income into Opening Balance Equity. If you had Your Name, Capital available for use, this is the account you would use for the transfer of Net Income rather than Opening Balance Equity.

Continue to use the **Test Drive Company** to transfer Net Income

Click the **Plus** icon, click **Journal Entry** in the Other column
Enter the Date: **Current Date**
Journal no.: **1**
Line 1: Account: **Retained Earnings**, Debits: **1,642.46**, Description: **Transfer Net Income and Retained Earnings**

- Do the math: Add the Retained Earnings to Net Income = amount for Adjusting Entry: 384.49 + 1,257.97 = 1,642.46. Again, if your amounts do not match the text, either enter the amounts in your report or continue by reading the information.
- You could also make two separate entries: transfer Retained Earnings to Opening Balance Equity and transfer Net Income to Opening Balance Equity.
- At the end of the year, QuickBooks Online automatically transfers Net Income into Retained Earnings. In order to transfer the Net Income into Opening Balance Equity, you will Debit Retained Earnings to transfer both the amount of Net Income and the current amount shown in Retained Earnings. In the future, you would only need to transfer the amount of Net Income.

Line 2: Account: **Opening Balance Equity**, Credits: **1,642.46**, Description: **Transfer Net Income and Retained Earnings**

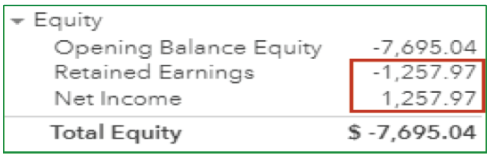
- Opening Balance Equity is used for the account because the Test Drive Company does not save the Owner's Equity capital accounts you created in Chapter 5. When you transfer the Net Income for Your Name's Beach Barkers in the Additional Transactions

section of the chapter, Your Name, Capital will be the account used and the closing entry will be for Net Income only.

ACCOUNT	DEBITS	CREDITS	DESCRIPTION
Retained Earnings	1,642.46		Transfer Net Income and Retained Earnings
Opening Balance Equity		1,642.46	Transfer Net Income and Retained Earnings
Total	1,642.46	1,642.46	

Click **Save and Close**, click the drop down-list arrow if necessary

- You should return to the Balance Sheet. If not, prepare the Balance Sheet again.

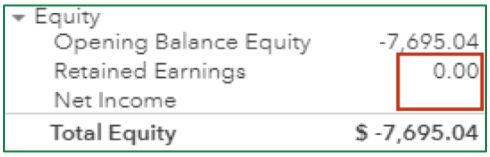


View the Equity section

- Again, your amounts may not match the example above because of the automatic date changes. However, you should still analyze the Equity section in the Balance Sheet.
- Based on the example, the previous amount of Retained Earnings, $384.59, was transferred into Opening Balance Equity. The current amount of Net Income, $1,257.97, shows as a negative in Retained Earnings and as a positive in Net Income.

Change the dates of the Balance Sheet to **01/01/2020** and **Current day and month 2020**

- If the current year happens to be 2020, then use 2021 as the year for this report.



Run the Report

- Amounts for Retained Earnings and Net Income are no longer shown.

Do not close the Test Drive Company

CLOSE THE BOOKS—DRILL

Rather than record closing entries for income and expense accounts, QuickBooks Online uses a closing date to indicate the end of a period. Once a closing date is assigned, income and expenses are effectively closed. If a transaction involving income or expenses is recorded after the closing date, it is considered part of the new period and will not be used in the calculation of net income (or loss) for the previous period. Conversely, income and expenses for a closed period will not be included in the new period.

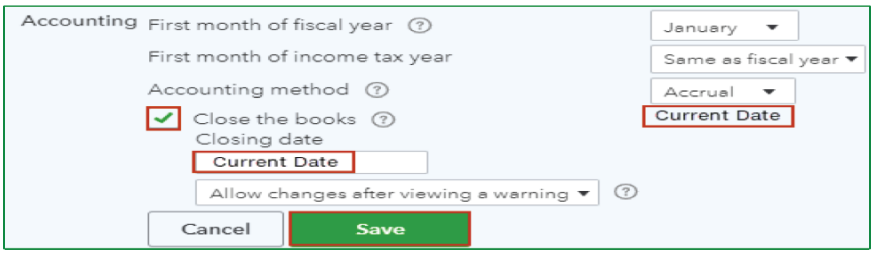
If an error is found in a transaction for a closed period, it may be changed but only after acknowledging a warning.

Continue to use the **Test Drive Company** and close the books for the period

Click the **Gear** icon
Click **Account and Settings** in the Your Company column
Click the **Advanced** tab
Click the **Pen** icon for Accounting
Click the **Close the books** check box to select
Enter the Closing date **Current date**, press **Tab**

- Because transaction dates change in the Test Drive Company, you should use the current date.

Accept the selection of Allow changes after viewing a warning



Click **Save**
Click the **Done** button in the lower-right side of the Account and Settings screen or click the **Close** button at the top-right of the screen
Do not close the Test Drive Company

EDIT CLOSED PERIOD TRANSACTION—DRILL

Even though the month has been closed, transactions still appear in the account registers, the Journal, and so on. If it is determined that an error was made in a previous period, QuickBooks Online allows a correction to be made. In order to save an edited transaction from a previous period, Yes must be clicked on a warning screen. Changes to transactions involving income or expenses will necessitate changing the amount of net income that was previously transferred into the owner's capital account.

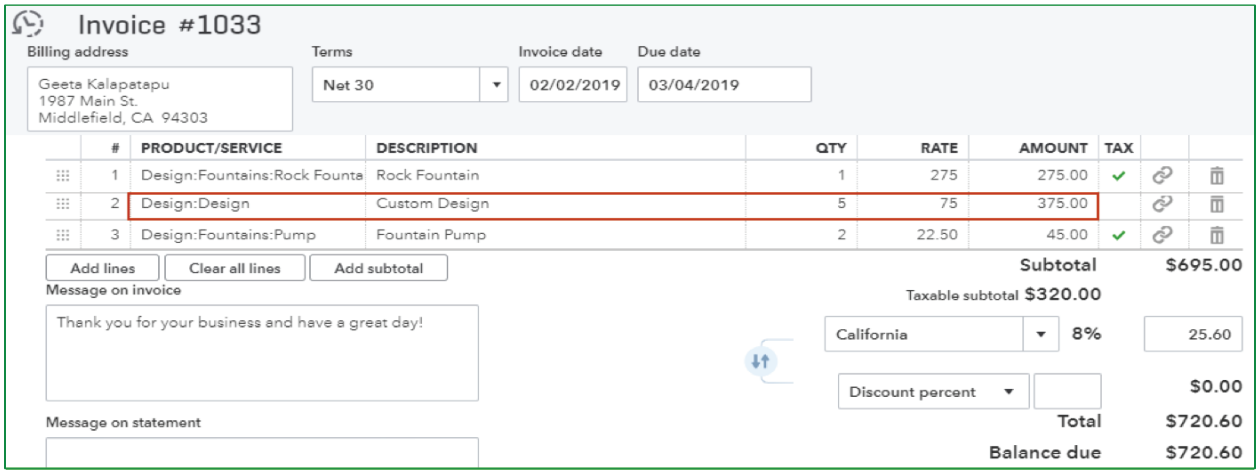
MEMO
DATE: Current date

Edit Invoice 1033 to Geeta Kalapatapu. The Quantity for Design:Design should be 5 hours.

DRILL

Continue to use the **Test Drive Company** to edit an invoice from a closed period and to correct the amount of Net Income transferred

Click **Sales** on the Navigation bar; then click the **Customers** tab
Scroll through the Customers List and click **Geeta Kalapatapu**
Click **Invoice No. 1033** in the register for Geeta Kalapatapu to open it
For Design:Design change the QTY to **5**, press **Tab**



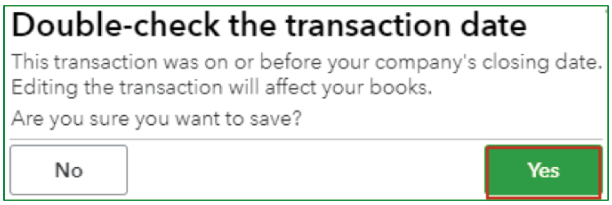
8

Click **Save and close**

- If you get a screen for *The transaction is linked to others…*, click **Yes**.

Click **Yes** on the Double-check the transaction date screen

- Sometimes the Double-check the transaction date screen appears before the Transaction linked screen and sometimes it appears after it. Just click Yes whenever it is displayed.

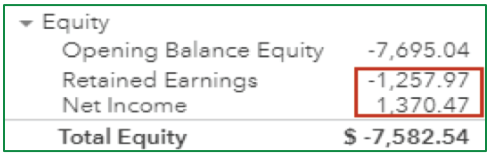

Double-check the transaction date
This transaction was on or before your company's closing date. Editing the transaction will affect your books.
Are you sure you want to save?
No
Yes

The change in income must be included in the Journal Entry to transfer the Net Income and Retained Earnings into Opening Balance Equity, edit the transaction

Prepare the Balance Sheet report for **01/01/18** to **Current Date**

Look at the amount in Retained Earnings -1,257.97 and the amount in Net Income 1,370.47

- Again, because of the changing dates in the Test Drive Company, your figures may not match. However, the amount of change to Net Income, $112.50, should be the same.



Using the figures shown in the example, calculate the amount for the revised Journal entry:

Change in income: Net Income 1,370.47 minus Retained Earnings 1,257.97 equals an additional 112.50 in income

The additional income of $112.50 is added to the original transfer amount of $1,642.46 to equal $1,754.96

Click the **Search** icon, click **Journal Entry 1** in the Recent Transactions list

Correct the adjusting entry

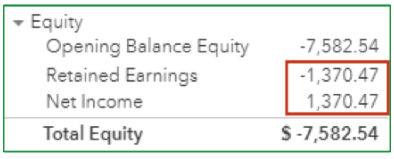
Line 1: Change Debits to **1754.96**

Line 2: Change Credits to **1754.96**

Click **Save and close**

Click **Yes** on the Closing date screen

View the changes to Net Income and Retained Earnings on the Balance Sheet



Close the Test Drive Company

ADDITIONAL TRANSACTIONS—DO

Record the additional transactions using Your Name's Beach Barkers. All transactions to be recorded were either completed as drills using the Test Drive Company or as transactions for Your Name's Beach Barkers. When you record closing transactions for Drawing, Net Income, and Retained Earnings, use Your Name, Capital as the account rather than Opening Balance Equity.

DO

Open **Your Name's Beach Barkers** and enter the transactions in the Memo boxes, complete a Credit Card Reconciliation, and record Closing Entries for February 28, 2019

Print as instructed within the Memos

When recording Journal Entries, provide appropriate descriptions

MEMO
DATE: February 28, 2019

Withdrew $600 for the second semi-monthly withdrawal. Print Check 30. (If saved, name it **7-Your Name Ck 30 Ch 8**) (If you added your name to the names list, you may enter it as the payee name. If not, you may leave the payee name blank.)

Journal Entry 25: Record the monthly adjustment for Prepaid Insurance for your Vehicle Insurance, $100.

Journal Entry 26: Record the adjusting entry for the amount of Sales Supplies used, $75.

Journal Entry 27: After taking inventory, you calculate that you have $925 of Cleaning Supplies on hand. Record the adjusting entry.

Journal Entry 28: Use a compound entry to record one month's depreciation for Office Equipment, $100 and Vehicles, $275.

Found 5 damaged Collars. Record the Inventory Quantity Adjustment. (QuickBooks Online automatically shows Inventory Shrinkage as the account.)

Journal Entry 29: One of your personal bonds matured. Invest the proceeds in Your Name's Beach Barkers. Record your additional cash investment of $1,000.

Use the following Credit Card Statement to Reconcile the Visa account. (If the former loan payment appears when you prepare the check to Ocean Bank for the Visa payment, make sure the Payment date is: 02/28/19; use Checking for the payment method, clear the lines; select the Account: Visa; enter the amount of the payment: $2,639.56; enter the Memo: Visa Payment.) Print the check. If saved, name it **8-Your Name Ck 31 Ocean Bank Ch 8** Print the Reconciliation report. If saved, name it **9-Your Name Visa Reconcil Rpt Ch 8**

The Visa credit card statement for February 28, 2019 is shown below:

Ocean Bank
VISA
273 Ocean Park Boulevard
Venice, CA 90202
310-555-9889

Your Name's Beach Barkers
1009 Palm Drive
Venice, CA 92091

Account: 123-321-4566 **February 28, 2019**

Beginning Balance, 2/1/2019			**$0.00**
2/19/2019 Expense Super Office		216.00	216.00
2/19/2019 Expense Pet Supplies Unlimited		125.00	341.00
2/19/2019 Credit Card Credit Super Office	43.20		297.80
2/20/2019 Bill Payment All About Dogs Supplies		175.00	472.80
2/20/2019 Bill Payment Garcia's Advertising		490.00	962.80
2/21/2019 Bill Payment Kennel Equipment, Inc.		158.76	1,121.56
2/22/2019 Bill Payment Lulu's Laundry		75.00	1,196.56
2/23/2019 Expense Super Office		150.00	1,346.56
2/24/2019 Credit Card Credit Super Office	30.00		1,316.56
2/24/2019 Bill Payment Quality Insurance		588.00	1,904.56
02/26/2019 Bill Payment The Literary Dog		735.00	2,639.56
Ending Balance, 2/28/2019			**$2,639.56**

When the reconciliation is complete, print and/or save the payment, Check 31, and the Reconciliation report (Refer to the Memo for additional information)

Continue recording, saving, and printing transactions in the following Memos

MEMO
DATE: February 28, 2019

Record Journal Entry 30 for the closing entry of $600 to close the Drawing account. (You wrote the withdrawal check in the first additional transaction entry.)

Record Journal Entry 31 to Transfer Net Income into Capital (Instructions provided below).

Prior to transferring the Net Income into Your Name's, Capital, prepare the Profit and Loss report for February 2019. Verify the Net Income of **$2,661.89**

- This is the amount of the Net Income to be transferred.

Record **Journal Entry 31** as previously instructed to Transfer Net Income into Capital

MEMO
DATE: February 28, 2019

Close the period for February. Use the Closing Date: 02/28/19.

Adjust Invoice 1058 to Sandi Egkan to add 5 days of Day Camp (Class: Dog Care) that had not been recorded on the invoice. Print the corrected invoice. If saved, name it **10-Your Name Inv 1058 S Egkan Corrected Ch 8**

Adjust Journal Entry 31 for the Transfer of Net Income into Capital to include the increased income.

Continue to use Your Name's Beach Barkers

PROFIT AND LOSS—DO

When the transactions and adjustments for the month are complete, it is helpful to prepare the Profit and Loss report to see your amount of Net Income or Net Loss. Remember Income minus Expenses equal Net Profit or Net Loss.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Profit and Loss report for February 1-28, 2019

Access Reports as previously instructed
Click **Custom Reports** to see all the reports that have been customized
Click **Profit and Loss** to select the report
Dates are From: **020119** To: **022819**, run the report

- Scroll through the report. Review income and expenses. View the change to Net Income.

Print, export, and/or send/submit the report

- If you save the report, name it **11-Your Name P&L Ch 8**

Continue to use Your Name's Beach Barkers

BALANCE SHEET—DO

After completing all of the adjustments for the month, you need to prepare a Balance Sheet to prove that assets are equal to liabilities and owner's equity. Because this report is for the months

of January and February, the adjustment for Net Income will appear in Retained Earnings and Net Income. If, however, this report were prepared for the following year, neither account would have balances.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Balance Sheet for January 1, 2019 to February 28, 2019 and January 1, 2020 to February 28, 2020

Click **Balance Sheet** in Custom Reports
Dates From: **010119** To: **022819**, Run Report

- The balances of all accounts for the year thus far are shown.

View and analyze the Equity section after all the adjusting entries have been made:

- After the transfer of Opening Balance Equity for the additional inventory items to Your Name, Capital, the balance of Opening Balance Equity is 0.00.
- The original amount of Retained Earnings of $22,200 and the additional $480 from inventory adjustments and corrections were transferred to Your Name, Capital and no longer show as part of Retained Earnings. The amount of Net Income transferred to Retained Earnings for the year 2019 shows as -4,466.55.
- Your Name, Capital shows $121,924.05, which is the total of the capital without including the Investment.
- Your Name, Drawing was closed into Your Name, Capital so it has a balance of 0.00.
- Your Name, Investment contains the balance of $56,735.00, which shows how much you have invested in Your Name's Beach Barkers.
- Net Income and Retained Earnings were transferred to Your Name, Capital. Since you are still in the same year as the adjusting transaction date, the amount of Net Income shows 4,466.55 and the amount of Retained Earnings shows -4,466.55.

Equity	
Opening Balance Equity	0.00
Retained Earnings	-4,466.55
Your Name, Capital	121,924.05
Your Name, Drawing	0.00
Your Name, Investment	56,735.00
Total Your Name, Capital	**178,659.05**
Net Income	4,466.55
Total Equity	**$178,659.05**

- The $4,466.55 is the amount of Net Income for January and for February

Print, export, and/or send/submit the report

- If you save the report, name it **12-Your Name Bal Sheet 2019 Ch 8**

To see the results of transferring Net Income/Retained Earnings into Capital, change the report dates From: **01/01/20** To: **02/28/20**, Run the report

- Note that the amounts shown for Opening Balance Equity, Retained Earnings, and Drawing is 0.00. The amounts shown for Your Name, Capital; Your Name, Investment; and Total Your Name, Capital are all still the same as in the 2019 report.

Equity	
Opening Balance Equity	0.00
Retained Earnings	0.00
Your Name, Capital	121,924.05
Your Name, Drawing	0.00
Your Name, Investment	56,735.00
Total Your Name, Capital	**178,659.05**
Net Income	
Total Equity	**$178,659.05**

Print, export, and/or send/submit the report

- If you save the report, name it **13-Your Name Bal Sheet 2020 Ch 8**

Continue to use Your Name's Beach Barkers

8

BUDGET VS ACTUALS REPORT—DO

The budget was established prior to the end of February. Budget projections were made and recorded for each income and expense account. It is helpful to compare the actual amounts for February with the budgeted amounts. This may be done by customizing the Budget vs Actuals report.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Budget vs Actuals report for February 1-28, 2019

Open **Reports**, enter **Budget** in the Search text box for *Go to report*
Click **Budget vs Actuals** on the list that appears
Click the **Customize** button
In the General section of the Customization screen, change the Report Period Date From: **020119** and To: **022819**
Customize the Footer as previously instructed
Click **Run Report**

- You will see columns for Actual, Budget, Over Budget, and % of Budget for the locations of Malibu, Venice, and Not Specified.

	MALIBU				VENICE			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income								
Sales Discounts	-27.90	-28.00	0.10	99.64 %	-23.90	-24.00	0.10	99.58 %
Sales of Product Income	1,900.00	1,900.00	0.00	100.00 %	600.50	600.50	0.00	100.00 %
Services								
Boarding	1,100.00	1,100.00	0.00	100.00 %	550.00	550.00	0.00	100.00 %
Day Camp	600.00	450.00	150.00	133.33 %	330.00	330.00	0.00	100.00 %
Grooming	215.00	215.00	0.00	100.00 %	360.00	360.00	0.00	100.00 %
House Calls	150.00	150.00	0.00	100.00 %				
Training	1,650.00	1,650.00	0.00	100.00 %	350.00	350.00	0.00	100.00 %
Transportation	425.00	425.00	0.00	100.00 %	500.00	500.00	0.00	100.00 %
Total Services	4,140.00	3,990.00	150.00	103.76 %	2,090.00	2,090.00	0.00	100.00 %
Total Income	$6,012.10	$5,862.00	$150.10	102.56 %	$2,666.60	$2,666.50	$0.10	100.00 %

Partial Report

Print in Landscape Orientation, export, and/or send/submit the report

- If you save the report, name it **14-Your Name Feb Budget vs Actuals Ch 8**

Continue to use Your Name's Beach Barkers

JOURNAL—DO

At the end of each chapter, you always print a Journal so you can view all the transactions entered during the report dates. As with previous Journals, check each entry carefully, pay close attention to dates, accounts, memos, and amounts. If a transaction does not appear in the Journal, you may have used a current date that is outside the date range of the report.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Journal for February 1-28, 2019

Click **Journal** in Custom Reports

Enter the Dates From: **020119** To: **022819**, press **Tab**
If need be, adjust the width of the Name, Memo/Description, and Account columns so more entries display on one line

- Do your totals for Debits and Credits match the following? If not, double check your entries for correct amounts, dates, accounts, memos.

TOTAL	$51,433.16	$51,433.16

Print in Landscape Orientation, export, and/or send/submit the report

- If you save the report, name it **15-Your Name Journal Ch 8**

Continue to use Your Name's Beach Barkers

TRIAL BALANCE—DO

A Trial Balance is printed to prove that debits equal credits. Post-closing reports are typically prepared as of the last day of the fiscal year after all closing entries for the year have been recorded. Since our closing was simply for a period, this means that income and expenses will be shown in the Trial Balance and in the Profit and Loss reports for February. When you prepare a Trial Balance for the first of the next fiscal year, income and expense accounts will not be shown.

DO

Continue to use **Your Name's Beach Barkers** to prepare the Trial Balance for February 1-28, 2019 and February1-28, 2020

Click **Trial Balance** in Custom Reports
Enter the Dates From: **020119** To: **022819**, click **Run Report**

- You will get the same balances if you run the report for January 1 – February 28, 2019.
- Does your Trial Balance match the following? If not, double check your entries for correct amounts, dates, accounts, and memos. Remember, you can click on an account shown in the Trial Balance and access the account register.

Your Name's Beach Barkers
TRIAL BALANCE
As of February 28, 2019

	DEBIT	CREDIT
Checking	63,674.23	
Petty Cash	63.93	
Accounts Receivable (A/R)	14,320.79	
Inventory Asset	31,844.50	
Prepaid Insurance	1,600.00	
Supplies:Cleaning Supplies	925.00	
Supplies:Kennel Supplies	1,936.00	
Supplies:Office Supplies	821.48	
Supplies:Sales Supplies	325.00	
Undeposited Funds	0.00	
Furniture & Fixtures:Depreciation		1,750.00
Furniture & Fixtures:Original cost	17,000.00	
Kennel Equipment:Depreciation		2,370.00
Kennel Equipment:Original cost	21,150.00	
Office Equipment:Depreciation		1,000.00
Office Equipment:Original cost	11,685.84	
Vehicles:Depreciation		3,750.00
Vehicles:Original cost	32,000.00	
Accounts Payable (A/P)		5,214.00
Visa	Depending on your computer date, the sales taxes could be shown as 0.00.	0.00
California Department of Tax and Fee Administration Payable		236.34
Loans Payable:Equipment Loan		1,941.06
Loans Payable:Furniture & Fixtures Loan		2,426.32

Opening Balance Equity		0.00
Retained Earnings	4,466.55	
Your Name, Capital		121,924.05
Your Name, Capital:Your Name, Drawing		0.00
Your Name, Capital:Your Name, Investment		56,735.00
Sales Discounts	51.80	
Sales of Product Income		2,500.50
Services:Boarding		2,420.00
Services:Day Camp		1,560.00
Services:Grooming		1,360.00
Services:House Calls		375.00
Services:Training		5,025.00
Services:Transportation		1,225.00
Cost of Goods Sold:Merchandise Discounts		27.50
Cost of Goods Sold:Merchandise Purchases	733.00	
Inventory Shrinkage	90.00	
Advertising	700.00	
Bank Charges	72.00	
Equipment Rental	75.00	
Insurance:Vehicle Insurance	200.00	
Interest Expense	37.22	
Laundry	81.50	
Rent or Lease	4,400.00	
Repair & Maintenance:Computer Repair	200.00	
Repair & Maintenance:Vehicle Repair	212.50	
Supplies Expense:Cleaning Supplies Expense	252.00	
Supplies Expense:Kennel Supplies Expense	310.00	
Supplies Expense:Office Supplies Expense	231.47	
Supplies Expense:Sales Supplies Expense	175.00	
Telephone Expense	129.95	
Utilities:Electric	164.75	
Utilities:Gas-Heating	343.50	
Utilities:Water	385.95	
Vehicle Expenses	126.05	
Fees Billed		80.00
Interest Earned		175.50
Depreciation Expense	1,340.00	
Purchase Discounts		29.74
TOTAL	$212,125.01	$212,125.01

Print in Portrait Orientation, export, and/or send/submit the report

- If you save the report, name it **16-Your Name Trial Bal Ch 8**

Change the report dates From: **02/01/20** To: **02/28/20**

- You will see the same information and account totals for the Asset, Liability, and Equity accounts. Nothing is shown for Income or Expense accounts because the report dates are for the next fiscal year.

This results in a Total of $197,110.43 for both Debit and Credit columns

Do not save or print the report, close Your Name's Beach Barkers

SUMMARY

The chapter focus was on completing the accounting functions for the end of a period, adjusting inventory, and preparing budgets. Journal Entries were prepared to record adjusting entries. The Sales Tax Center was explored, and Sales Tax Payments were made. Adjustments for damaged inventory items were recorded. The starting value of inventory items was adjusted. A Budget for the Fiscal Year was created and Budget Overview and Budget vs. Actual reports were prepared and analyzed. Bank/Checking Account Reconciliations were performed and transactions for automatic payments were recorded during the reconciliation. Credit Card Account Reconciliations were completed, and payment checks were issued. The use of Net Income, Retained Earnings, Opening Balance Equity, and Owner's Equity accounts for Capital, Investment, and Drawing was explored, adjusted, transferred, and interpreted for a sole proprietorship. Owner withdrawals and investments were recorded. A period was closed and a transaction was changed after the closing. Further adjustments required because of a change after closing were made for Net Income/Retained Earnings. Reports were customized and prepared to provide data for analysis and examination of the results of business operations and end-of-period adjustments.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 8.01. In QuickBooks Online Plus you cannot record an adjustment to the quantity of inventory.

_____ 8.02. If you transfer Net Income into Capital, on the Balance Sheet it will show as a negative in Retained Earnings and a positive in Net Income until the following year.

_____ 8.03. If you record the wrong date for an inventory starting value, you correct the date on the Inventory Starting Value #START form.

_____ 8.04. The payment of Sales Taxes due must be completed using the **Taxes** tab and choosing **File Manually**.

_____ 8.05. You may prepare a budget for locations.

_____ 8.06. An inventory starting value transaction is recorded when you prepare a purchase order for an inventory item.

_____ 8.07. An adjusting entry for depreciation reduces the book value of fixed assets.

_____ 8.08. After reconciling a credit card account, you may select the option to pay all or a portion of the bill now.

_____ 8.09. When you have a budget, you cannot purchase office supplies if it is over the budgeted amount.

_____ 8.10. When reconciling an account, if the statement amount is correct and your amount does not match it, you change the amount in your original transaction prior to completing the reconciliation.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 8.11. To enter your initial budget figures, you may ___.
A. Copy a previous budget
B. Record the amounts individually
C. Copy amounts from This Fiscal Year or Last Fiscal Year
D. Any of the above

_____ 8.12. The ___ report shows a summary of budgeted amounts for a specific budget.
A. Budget vs Actuals
B. Profit and Loss
C. Budget Overview
D. Comprehensive Budget

_____ 8.13. If the adjusting entry to transfer Net Income and Retained Earnings into the owner's capital account is made prior to the end of the year, the Balance Sheet shows ___.
A. Retained Earnings
B. Net Income
C. Both Net Income and Retained Earnings
D. None of the above because the Net Income and Retained Earnings have been transferred into Capital

_____ 8.14. You record adjusting entries for prepaid expenses and depreciation when using ___ -basis accounting.
A. Cash
B. Accrual
C. Budget
D. GAAP Fundamental

_____ 8.15. You may access the Inventory Quantity Adjustment form by ___ and clicking ___.
A. Clicking the Plus icon, Inventory Qty Adjustment in the Other column
B. Opening the item in the Products and Services List, Quantity
C. Clicking the drop-down list arrow in the item's Action column in the Products and Services List, Adjust Quantity
D. All of the above

_____ 8.16. To see the Inventory Starting Value transaction, you prepare the ___ report.
A. Inventory Starting Value
B. Inventory Valuation Summary
C. Inventory Valuation Detail
D. Any of the above

_____ 8.17. If you create a budget with locations, prior entries are classified as ___.
A. Prior to Budget
B. Not Specified
C. Unknown
D. Unbudgeted

_____ 8.18. After editing an invoice in a closed period, you record the change in income by editing the adjusting entry ___.
A. For the Closing Date
B. For transferring Net Income and Retained Earnings into the Capital account
C. Both A and B
D. You do not edit anything, you record another adjusting entry

_____ 8.19. If inventory was damaged, you adjust the ___.
A. Inventory Starting Value
B. Item in a Journal Entry
C. Quantity
D. Budget

_____ 8.20. Opening Balances for Inventory Items that were added without preparing a purchase order or bill are entered into ___.
A. Opening Balance Equity
B. Inventory Assets
C. Your Name, Investment
D. Both A and B

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

8.21. The Account Category Type for Inventory Shrinkage is_____.

8.22. In QuickBooks Online Plus you may create a budget that tracks amounts in _____ and _____ accounts.

8.23. To create a budget in QuickBooks Online, you select _____, and then choose _____ in the Tools column.

8.24. You may reconcile all _____, _____, and _____ accounts.

8.25. In Your Name's Beach Barkers, the entry to transfer Net Income to Capital is made by debiting _____ and crediting _____.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR NAME'S BEACH BARKERS TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

8.26. When you edited Invoice 1058 to Sandi Egkan in the Additional Transactions section, did income increase or decrease? _____
What was the amount of increase/decrease? _____

8.27. Prepare an Inventory Valuation Summary report to determine the value of Collars after the Quantity Adjustment. What is the quantity on February 28, 2019? _____
What is the value? _____

8.28. On what screen do you enter the closing date? _____

8.29. What was the total amount of owner withdrawals for February? _____

8.30. What is the amount of Total Assets in the Balance Sheet for 2019 prepared after all closing entries and adjustments? (Printed Document 11) _____

8.31. Where do you prepare the Sales Tax Liability report? _____

8.32. What was the amount of Depreciation Expense recorded in the compound adjusting entry for Office Equipment and Vehicles? _____

8.33. Refer to your Visa Reconciliation report ending February 28, 2019. What is the total amount of Charges and Cash Advances Cleared? _____

8.34. Prepare a Journal report for February 27-28, 2019. What is the total of the Journal? _____

8.35. Refer to or prepare the Budget vs Actuals report for the end of the chapter. What was the budgeted amount for Total Net Income for February 2019? _____
What was the actual amount for Total Net Income for February 2019? _____

CHAPTER 8 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

_____ 1-Inventory Val Sum Ch 8	_____ 9-Visa Reconcil Rpt Ch 8
_____ 2-Inventory Val Detail Ch 8	_____ 10-Inv 1058 S Egkan Corrected Ch 8
_____ 3-Ck 29 Ch 8	_____ 11-P&L Ch 8
_____ 4-Budget Overview Ch 8	_____ 12-Bal Sheet 2019 Ch 8
_____ 5-Sales Tax Liability Ch 8	_____ 13-Bal Sheet 2020 Ch 8
_____ 6-Reconcil Rpt Ch 8	_____ 14-Feb Budget vs Actuals Ch 8
_____ 7-Ck 30 Ch 8	_____ 15-Journal Ch 8
_____ 8-Ck 31 Ocean Bank Ch 8	_____ 16-Trial Bal Ch 8

PAYROLL

9

LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

9.01. Know about the QuickBooks Online Payroll plans.
9.02. Activate Payroll.
9.03. Pay employees.
9.04. Preview and edit paychecks.
9.05. Submit payroll and print paychecks and pay stubs.
9.06. Prepare Payroll reports including the Payroll Summary and Payroll Tax Liability.
9.07. Pay Payroll Taxes.
9.08. Edit employees, add new employees, edit existing employees, terminate and reinstate employees.
9.09. Prepare and print Employee Details report.
9.10. Prepare and print checks to 1099 Contractors.
9.11. Understand how to add a contractor and how to add their data to QuickBooks Online Payroll.
9.12. Pay payroll, edit, and delete paychecks.
9.13. Edit Payroll Settings for Payroll and Services, Company and Account, and Employees.

PAYROLL

Payroll is an extremely important part of running a business. Paying your employees is more than simply writing a check. You also take deductions from your employees' pay for state and federal tax withholdings, social security, unemployment, insurance, and various other items that are required to be paid by the employees. As the employer, you are responsible for withholding the correct amounts from your employees and then forwarding the payments to the appropriate agencies and/or companies. In addition, as an employer, there are employer taxes that must be paid and submitted to the appropriate government agencies as well.

Many times, a company begins the process of computerizing its accounting system simply to prepare the payroll using the computer. It is much faster and easier to let QuickBooks Online look at the tax tables and determine how much withholding should be deducted for each employee than to have an individual perform this task. Because tax tables change frequently, QuickBooks Online requires its users to enroll in a QuickBooks Online Payroll plan. Currently, there are two plans available: Self-Service and Full-Service. In order to enroll in a payroll service plan, you must have a company tax identification number. If you do not subscribe to a payroll plan, you must create payroll accounts, calculate and enter the payroll taxes manually, and prepare payroll tax forms and payments by hand. If you choose to enter your payroll manually, there are no payroll reports or tax payment forms available.

Intuit's payroll plans are changed and updated frequently; however, at the time of this writing, the following payroll plans are available.

Self Service Payroll is used to create paychecks to pay both your W-2 employees and 1099 Contractors. Employees and 1099 Contractors may be paid by check or direct deposit. The service includes automatic payroll tax rate updates and free online tax filing and payments for federal and state payroll taxes. At the time of this writing, there are three plans available for Self Service Payroll. Self Service Payroll: $35.00 plus $4 per employee per month; Self Service Payroll with QuickBooks (includes both payroll and QuickBooks Online): $55.00 plus $4 per employee per month; and Self Service Payroll with QuickBooks Plus (includes both payroll and QuickBooks Online Plus): $95.00 per month plus $4 per employee per month. At the time of this writing, all Self Service Payroll plans had a special of 50 percent off for three months.

Full Service Payroll includes everything in Self Service Payroll. In addition, your payroll taxes will be completed and filed for you, any previous payroll data will be entered into QuickBooks Online, and there is a guarantee of no tax penalties. W-2s are filed and sent for you, assistance with payroll setup is provided, and help is available from US-based experts. At the time of this writing, there are three plans available for Full Service Payroll. Full Service Payroll: $80.00 plus $4 per employee per month; Full Service Payroll with QuickBooks (includes both payroll and QuickBooks Online): $100.00 plus $4 per employee per month; and Full Service Payroll with QuickBooks Plus (includes both payroll and QuickBooks Online Plus): $140.00 per month plus $4 per employee per month. At the time of this writing, all Full Service Payroll plans had a special of 50 percent off for three months.

Payroll is an area of accounting that has frequent changes; for example, tax tables are updated, changes in withholding or tax limits are made, etc. As a result, QuickBooks Online is modified via updates to implement changes to payroll. As a word of caution, the materials presented in this chapter are current at the time of this writing. However, it is entirely possible and probable that the amounts in your paychecks, paycheck liabilities, and payroll taxes will not match the figures in the text. While it is possible to enter payroll transactions manually so your figures will match the ones in the text, it is a cumbersome and not very realistic process. As a result, this chapter will focus on how to process payroll using QuickBooks Online and Self Service Payroll.

TRAINING TUTORIAL AND PROCEDURES

This chapter will be different from Chapters 2-8 because it will use only the Test Drive Company to explore and enter payroll. Because Your Name's Beach Barkers is a fictitious company, it would not be appropriate to enroll in a payroll program, process payroll, and pay tax liabilities for a company and employees that do not exist.

In previous chapters, all work recorded in the Test Drive Company was for Craig's Design and Landscaping Services. In the payroll section of the Test Drive Company, you will be processing the payroll for Collins Paint and Wallpaper Services. As you know, when you close the Test Drive Company, all material entered is erased. Because of this, you will enter a number of transactions in the Test Drive Company and then close the company. When you resume training, you will reopen the company, turn on payroll, and continue with the next material presented. Sometimes, the payroll portion in the Test Drive Company is unstable. If for some reason your computer freezes or you cannot gain access to QuickBooks Online Payroll, simply close your Web browser and try again. The data in each section of the chapter is limited so if something happens it will not take a lot of time to re-enter anything that may be lost.

As you did for Chapters 2-8 you will enter additional transactions and print/export documents at the end of the chapter.

Remember, your totals and dates may not agree with the material in the text. That should not be of concern at this point. The focus of this chapter is for you to learn the procedures for activating and processing payroll, paying payroll liabilities, and preparing payroll reports.

DATES

Unlike the other chapters, in Chapter 9, the current date will be used for all transactions. The dates used in the text will not match the ones on your screen. You should use the current dates for your work.

IMPORTANT NOTE

As previously stated, QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. With the dynamic platform of cloud-based software, changes to the program may occur at any time. QuickBooks Online Plus may be updated at approximately six-week intervals. While most changes do not significantly affect the use of the program, changes that need further explanation will be addressed in Update Documents posted on the Pearson Higher Ed/Horne Web page.

STUDENTS: To see UPDATE documents showing information about new features and program changes, go to **www.Pearsonhighered.com/Horne** and click on the Student Download Page at the beginning of each chapter.

Since we do not have a real company, the payroll concepts are taught in Chapter 9 using the Test Drive Company, Craig's Design and Landscaping Services. Please note that the figures you see for paychecks, tax liabilities, and other figures may be different than shown in the text. This is due to a variety of reasons, including: payroll tax rate changes, the computer date, and the date used in recording the payroll. Do not be concerned if your figures do not agree with those shown.

In addition, at the time of this writing, QuickBooks Online was implementing changes to the Payroll program for the QuickBooks Online Test Drive. While you will see a tab for Workers' Comp, it is inactive and will only provide an error message.

As previously noted, when completing payroll using the Test Drive Company, you may find it to be unstable. Many times, you may have to click a button more than once. If that does not allow you to move forward, Sign Out and close the Test Drive Company and your web browser; then, reopen your web browser and the Test Drive Company and try to perform the steps presented again. If you are unable to work around the instability of the program, simply read the information presented. The objective is to gain a familiarization with the way payroll is processed using QuickBooks Online.

ACTIVATE PAYROLL—DRILL

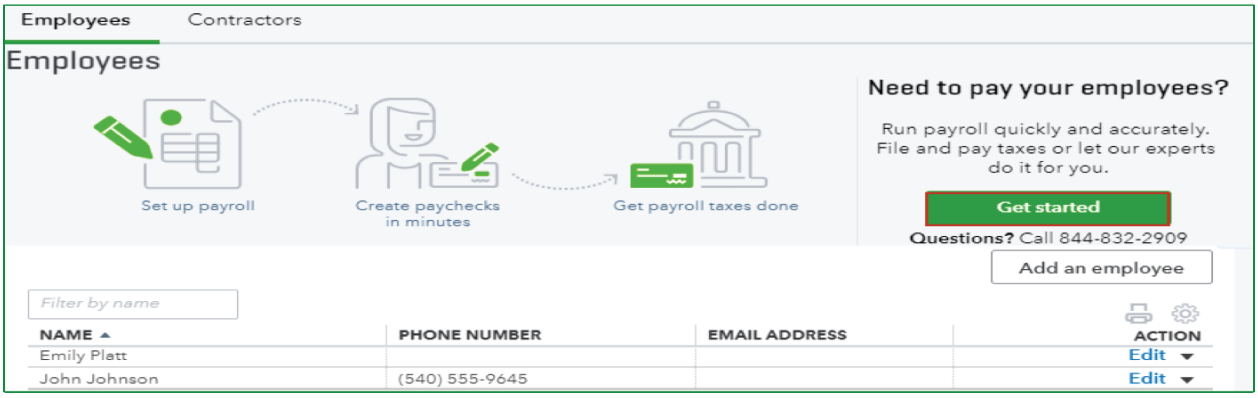
When working with payroll, you process paychecks, calculate withholdings, and submit payroll tax payments. In QuickBooks Online, when you subscribe to and activate Self Service or Full Service Payroll, the appropriate liability and expense accounts will be added to the company's Chart of Accounts, Payroll Settings will be created, and payroll reports and tax forms will be made available as well. When using QuickBooks Online Payroll, deductions and taxes are calculated automatically using the latest tax tables.

DRILL

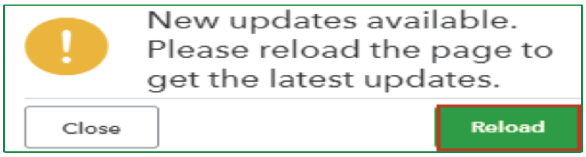
Open the **Test Drive Company** and activate Payroll

When you open the Test Drive, point to **Workers** on the Navigation bar, click **Employees**

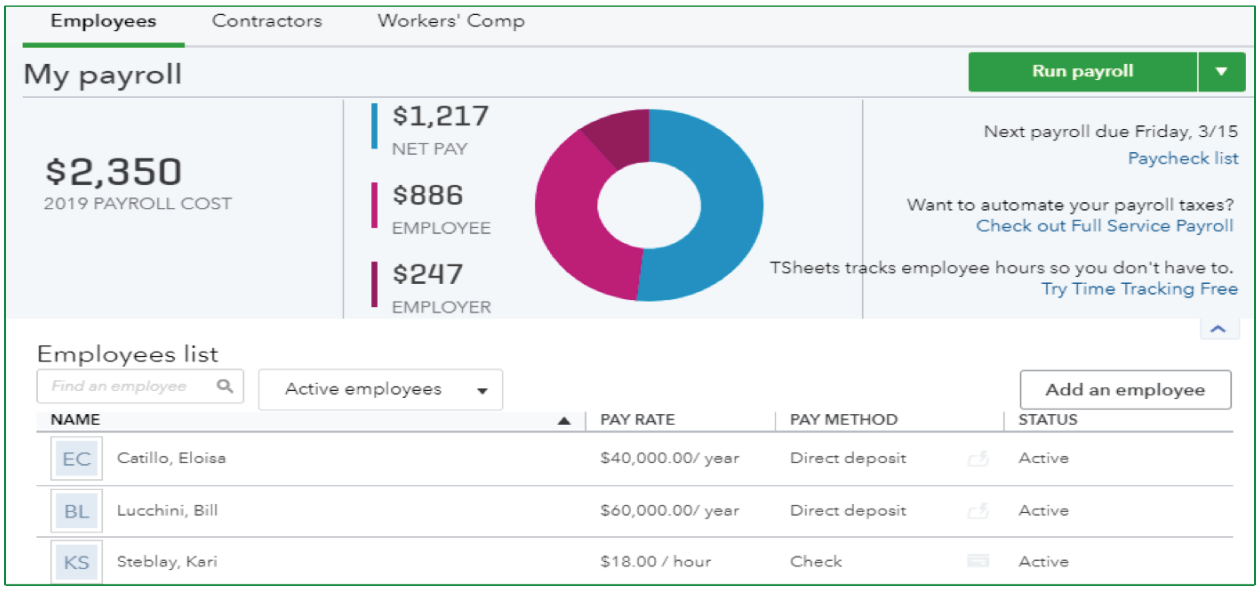
To activate Payroll, click the **Get started** button in the Employees Dashboard



- This activates payroll, takes you to the **My Payroll** screen, and adds a section for Workers' Comp.
  - Workers' Comp was not activated at the time of this writing. As a result, it will not be addressed in the text.
- You may have to click the **Get Started** button more than one time. If you still have difficulties with activating payroll, click the **Gear** icon, click **Sign Out**, close your Web browser, reopen it, and then reopen the Test Drive Company.
- If you get a message for New updates available., click the **Reload** button.



- Once payroll has been activated you will see a Money Bar showing the Current Year (2019) Payroll Cost, the amount of Net Pay, the deductions for the Employees, and the contributions from the Employer. In addition, the three active employees, their pay rates, payment methods, and employment status are listed.



Do not close the Test Drive Company

PAY EMPLOYEES—DRILL

There are two different methods of compensation, Salary and Hourly. The process for paying an employee whether hourly or salary is very similar and is completed in three steps: Add the employee's hours worked, review the payroll, and submit.

MEMO
DATE: Current Date

Run the payroll for all employees. Use the payroll date provided by QuickBooks Online for the end of the current week. Eloisa Catillo and Bill Lucchini do not have any changes or additions to their payroll information. Kari Steblay worked 40 hours Regular and 5 hours Overtime.

DRILL

Continue to use the **Test Drive Company** and pay the weekly payroll for all active employees

Now that Payroll has been activated, you will see the three active employees shown on the screen

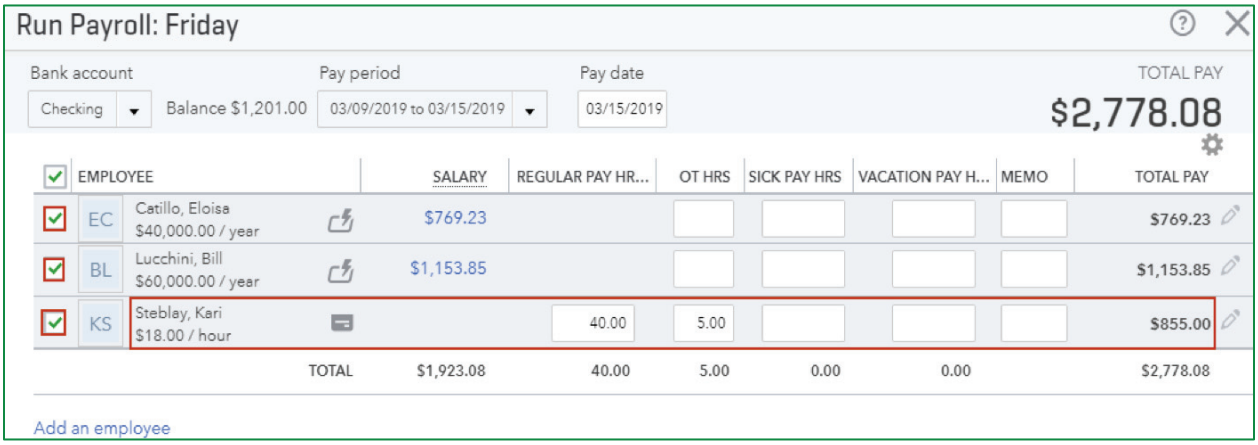
- Note the information provided for the Active Employees. It includes the employee's name, pay rate, pay method, and status.
- The dates that you see on your screen will not match the ones in the textbook. Do not be concerned. Simply use the dates provided by QuickBooks Online.

Click the **Run Payroll** button

- On the Run Payroll: Friday screen, there is nothing to enter for Eloisa Catillo or for Bill Lucchini.

Enter information for Kari Steblay: REGULAR PAY HRS: **40**, press **Tab**, OT HRS: **5**, press **Tab**

9



- QuickBooks Online calculated the pay for each employee. While you provided the hours for Kari, you did not need to provide any information for the salaried employees. Unless they are paid for sick and/or vacation time taken, you will not need to enter any hours for them. However, if a salaried employee took one day of vacation, you would record 8 as Vacation Pay Hrs and QuickBooks Online would deduct the amount of vacation hours taken from the available vacation hours. The same process would be used if the employee took off work and was paid Sick Pay.
- You will see the text box for OT HRS for your salaried employees. Salaried employees are not paid for overtime, so this will not be used for them.

Immediately continue to the next section without changing or clicking anything, do not close the Test Drive Company

PREVIEW AND EDIT PAYCHECK—DRILL

Immediately after running the payroll, you can preview and edit paychecks. Once a paycheck has been printed, it may not be edited. You may make changes to hours worked, certain types of pay such as overtime hours. Most employee deductions, taxes, and liabilities calculated and entered by QuickBooks Online may not be changed.

MEMO
DATE: Current Date

Preview the paycheck for Kari Steblay.
Change Kari's overtime hours to 6 hours.

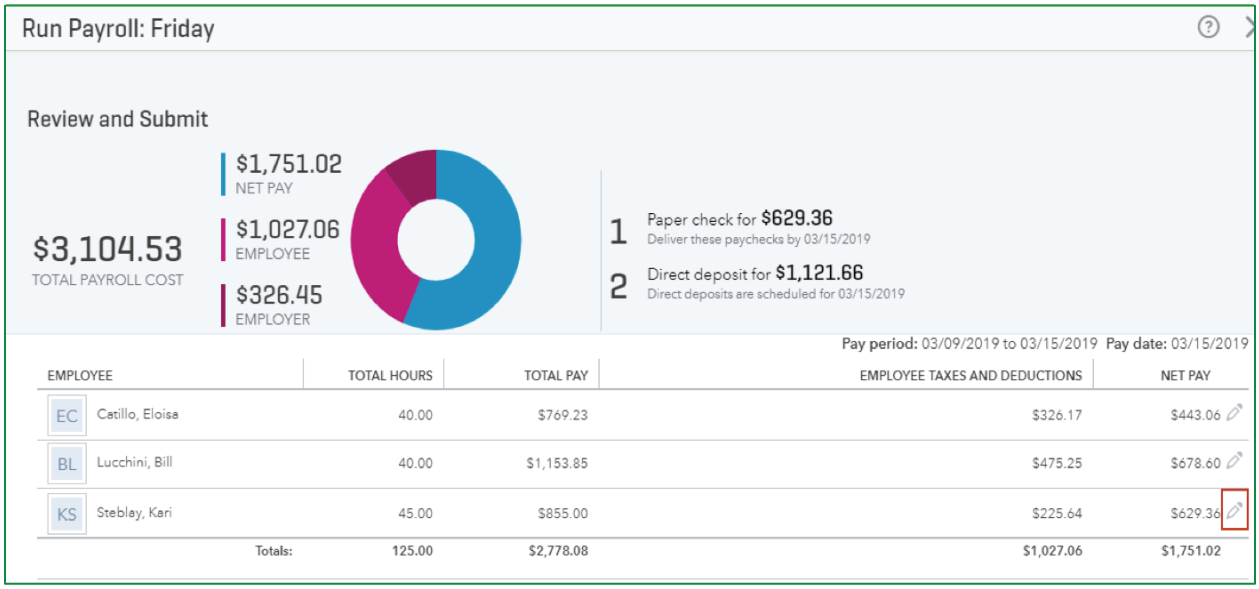
DRILL

Continue to use the **Test Drive Company** and review and edit the paycheck for Kari Steblay

Click the **Preview Payroll** button

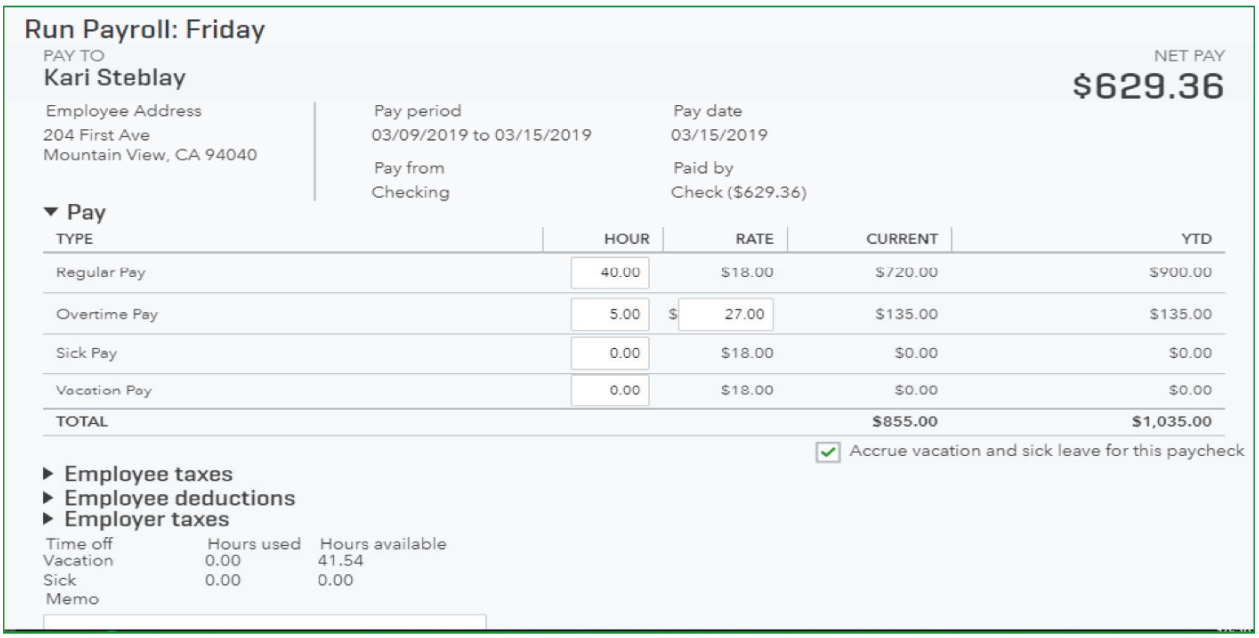
- You will see information for each employee that includes the Total Hours, Total Pay, Employee Taxes and Deductions, and Net Pay. You will also see the pay method used for each employee, which will be either Direct Deposit or Check.

- Note that the Net Pay amounts each have a pen icon next to them. This means you may click on the amount to obtain additional information.

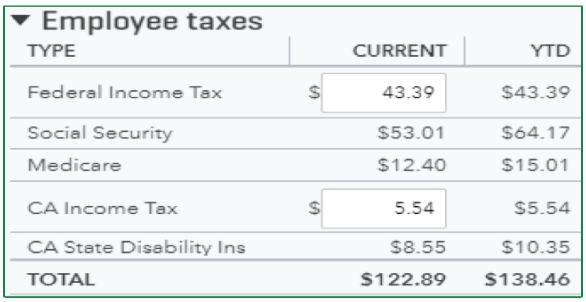


Click the **Pen** icon next to **$629.36** Net Pay amount for Kari

- You will see the information for Kari. This is divided into sections. The Pay section should be expanded. The collapsed sections include Employee taxes, Employee deductions, and Employer taxes.



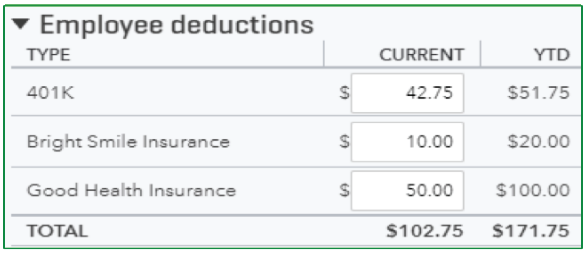
Click **Employee taxes** to expand and view the tax information for Kari



Employee taxes

TYPE	CURRENT	YTD
Federal Income Tax	$ 43.39	$43.39
Social Security	$53.01	$64.17
Medicare	$12.40	$15.01
CA Income Tax	$ 5.54	$5.54
CA State Disability Ins	$8.55	$10.35
TOTAL	$122.89	$138.46

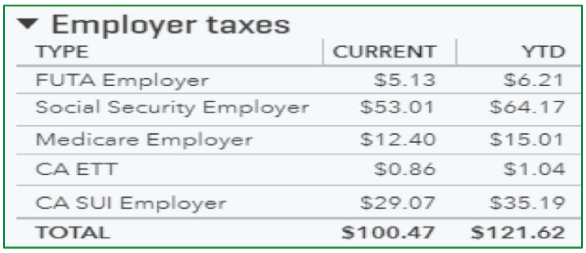
Click **Employee deductions** to expand and view the deductions for Kari



Employee deductions

TYPE	CURRENT	YTD
401K	$ 42.75	$51.75
Bright Smile Insurance	$ 10.00	$20.00
Good Health Insurance	$ 50.00	$100.00
TOTAL	$102.75	$171.75

Click **Employer taxes** to expand and view the employer tax information for Kari



Employer taxes

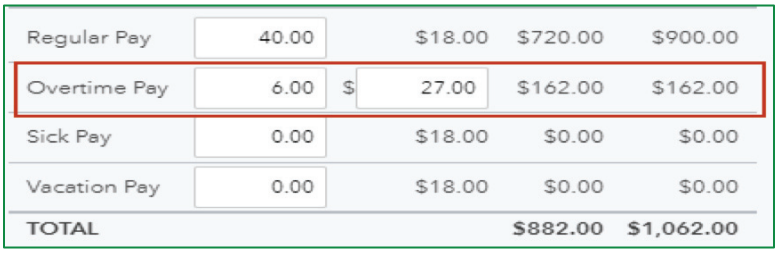
TYPE	CURRENT	YTD
FUTA Employer	$5.13	$6.21
Social Security Employer	$53.01	$64.17
Medicare Employer	$12.40	$15.01
CA ETT	$0.86	$1.04
CA SUI Employer	$29.07	$35.19
TOTAL	$100.47	$121.62

Scroll back to the top of Kari's payroll information and in the **Pay** section, look at the text box for Regular Pay

- This text box can be edited, and the number of hours can be changed. If you look at the Rate for Regular Pay, there is no text box. This means that it cannot be changed.

Click in the text box for **Overtime Pay**, change her OT HRS from 5.00 to **6.00**, press **Tab** to have QuickBooks Online automatically calculate her Total Pay

- Remember, you are changing the Overtime Hours not the Rate.
- Notice that her Overtime Pay changed from $135 to $162, and her TOTAL changed from $855 to $882. This is calculated using the following information: Regular Pay: $720.00, which was calculated at the Rate of $18.00 per hr. for 40 Hours worked. OT (Overtime) Compensation $162.00, which was calculated using the Rate of $27.00 per hour for 6 Hours.



Regular Pay	40.00	$18.00	$720.00	$900.00
Overtime Pay	6.00	$ 27.00	$162.00	$162.00
Sick Pay	0.00	$18.00	$0.00	$0.00
Vacation Pay	0.00	$18.00	$0.00	$0.00
TOTAL			$882.00	$1,062.00

Scroll through the areas for Employee taxes, Employee deductions, and Employer taxes and view the changes due to the extra hour of overtime

- Remember: Your figures and amount may not match the following.
  - **Employee Taxes**— Total Taxes are $128.86. This is calculated by adding the amount withheld from the employees pay for Federal Income Tax: $46.47; Social Security: $54.68; Medicare: $12.79; CA Income Tax: $6.10; and CA State Disability Ins.: $8.82. These are the amounts that the Employee pays.
  - **Employee Deductions**—Total $104.10. These non-tax deductions are calculated by adding the amounts deducted for 401K: $44.10; Dental: $10; Medical: $50.
  - **Employer taxes**—Total $103.63. This is calculated by adding the payroll tax amounts that the employer is required to pay. FUTA: $5.29; Social Security Employer: $54.68; Medicare Employer: $12.79; CA ETT: $0.88; CA SUI Employer: $29.99.

Click **OK** at the bottom of the screen

- Notice the updated information for Kari.
  - **Net Pay**: $649.04 is calculated by subtracting the Deductions and Taxes from the Total pay.

EMPLOYEE	TOTAL HOURS	TOTAL PAY	EMPLOYEE TAXES AND DEDUCTIONS	NET PAY
EC Catillo, Eloisa	40.00	$769.23	$326.17	$443.06
BL Lucchini, Bill	40.00	$1,153.85	$475.25	$678.60
KS Steblay, Kari	46.00	$882.00	$232.96	$649.04
Totals:	126.00	$2,805.08	$1,034.38	$1,770.70

- If at any time you make an uncorrectable error, click on the incorrect screen, or lose your paycheck information, simply Sign out of the company, then close the Test Drive Company and your Web browser, reopen the Web browser and the Test Drive Company, activate payroll, and re-enter the paycheck information.
- If the figures you see do not match the ones shown in the text, do not worry. QuickBooks is automatically programed for changes and updates. Also, the dates shown in the example will not match the dates shown on your screen.

Immediately continue to the next section without closing the Test Drive Company

9

SUBMIT PAYROLL AND PRINT—DRILL

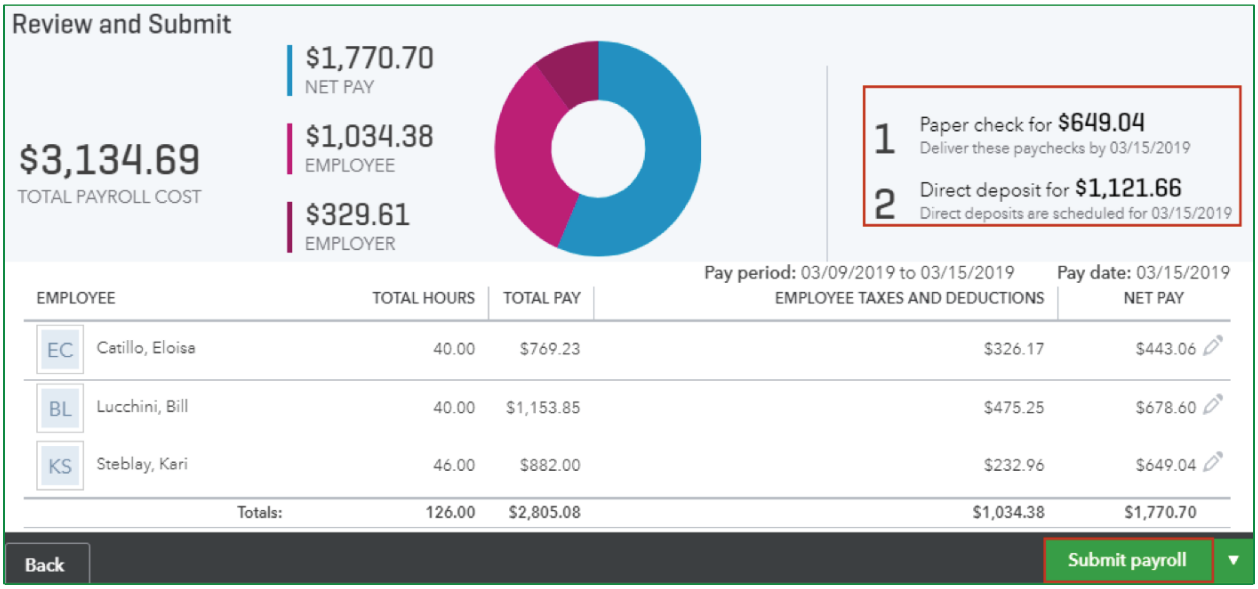
Once the payroll for the period has been entered and, if necessary, edited, your next step is to submit the payroll.

DRILL

Continue to use the **Test Drive Company** and submit the payroll

Now that the Net Pay and other payroll information for Kari Steblay has been previewed and edited, verify the information shown on the Review and submit payroll screen

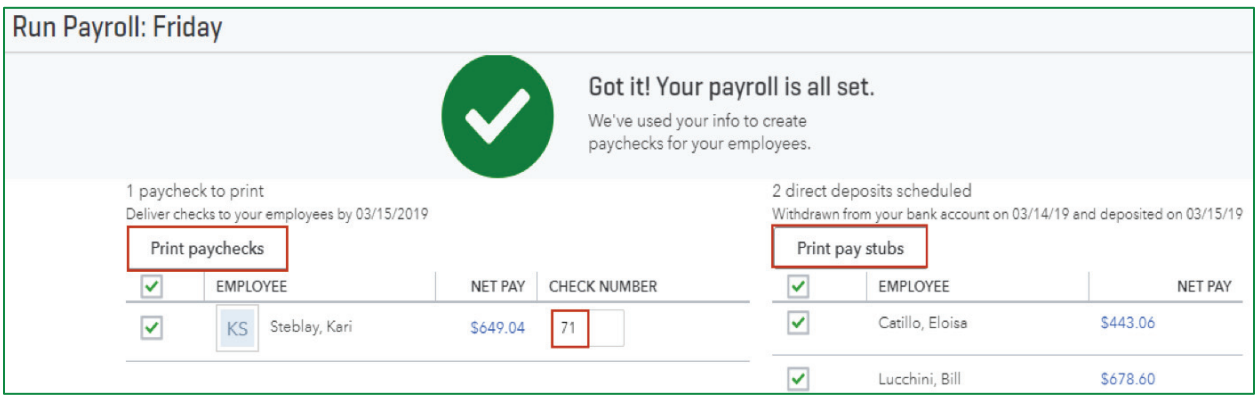
- Note that there is one Paper Check (Kari) and two Direct Deposits (Eloise and Bill).



Click **Submit Payroll** at the bottom of the screen

- Once the payroll has been submitted, you will see a screen to print paychecks and pay stubs.
- Notice the line that tells you that paychecks may be deleted if they have not been processed.

Enter **71** for the Check Number, then click **Print paychecks** for **Kari**


Run Payroll: Friday
Got it! Your payroll is all set.
We've used your info to create paychecks for your employees.
1 paycheck to print
Deliver checks to your employees by 03/15/2019
Print paychecks
EMPLOYEE
NET PAY
CHECK NUMBER
KS Steblay, Kari $649.04 71
2 direct deposits scheduled
Withdrawn from your bank account on 03/14/19 and deposited on 03/15/19
Print pay stubs
EMPLOYEE
NET PAY
Catillo, Eloisa $443.06
Lucchini, Bill $678.60

- View the paycheck for Kari.

03/15/2019

Kari Steblay **649.04
*****Six hundred forty-nine and 04/100
Kari Steblay
204 First Ave
Mountain View CA 94040

EMPLOYER
Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

PAY PERIOD

Period Beginning	03/09/2019
Period Ending:	03/15/2019
Pay Date:	03/15/2019
Total Hours:	46.00

EMPLOYEE
Kari Steblay
204 First Ave
Mountain View CA 94040
SS#: ...3333

BENEFITS	Used	Available
Sick	0.00	0.00
Vacation	0.00	41.54

NET PAY: **$649.04**

MEMO:

PAY	Hours	Rate	Current	YTD
Regular Pay	40.00	18.00	720.00	900.00
Overtime Pay	6.00	27.00	162.00	162.00

DEDUCTIONS	Current	YTD
401K	44.10	53.10
Bright Smile Insurance	10.00	20.00
Good Health Insurance	50.00	100.00

TAXES	Current	YTD
Federal Income Tax	46.47	46.47
Social Security	54.68	65.84
Medicare	12.79	15.40
CA Income Tax	6.10	6.10
CA State Disability Ins	8.82	10.62

SUMMARY	Current	YTD
Total Pay	$882.00	$1,062.00
Taxes	$128.86	$144.43
Deductions	$104.10	$173.10

Net Pay **$649.04**

Print the paycheck
Point to the top-right corner of the paycheck, click the **Printer** icon

- If you save the paycheck rather than printing it, name it **1-Your Name Payck K Steblay Ch 9**

Close the tab with Kari's paycheck—this is not the tab for QuickBooks Online
Click **Print pay stubs** for Eloisa and Bill

Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

Pay Stub Detail
PAY DATE:03/15/2019
NET PAY:$443.06

Eloisa Catillo
550 Front Boulevard
Menlo Park CA 94025

EMPLOYER
Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

PAY PERIOD

Period Beginning	03/09/2019
Period Ending:	03/15/2019
Pay Date:	03/15/2019

EMPLOYEE
Eloisa Catillo
550 Front Boulevard
Menlo Park CA 94025
SS#: ...1111

BENEFITS	Used	Available
Sick	0.00	0.00
Vacation	0.00	41.54

NET PAY: **$443.06**
Acct#....0000: $200.00
Acct#....0000: $243.06

MEMO:

PAY	Hours	Rate	Current	YTD
Salary	-	-	769.23	1,538.46

DEDUCTIONS	Current	YTD
401K	15.38	30.76
Bright Smile Insurance	40.00	80.00
Good Health Insurance	200.00	400.00

TAXES	Current	YTD
Federal Income Tax	0.00	0.00
Social Security	47.69	95.38
Medicare	11.16	22.31
CA Income Tax	4.25	8.50
CA State Disability Ins	7.69	15.38

SUMMARY	Current	YTD
Total Pay	$769.23	$1,538.46
Taxes	$70.79	$141.57
Deductions	$255.38	$510.76

Net Pay **$443.06**

Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

Pay Stub Detail
PAY DATE:03/15/2019
NET PAY:$678.60

Bill Lucchini
200 South Ave
Redwood City CA 94061

EMPLOYER
Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

EMPLOYEE
Bill Lucchini
200 South Ave
Redwood City CA 94061
SS#: ...2222

PAY PERIOD

Period Beginning	03/09/2019
Period Ending:	03/15/2019
Pay Date:	03/15/2019

BENEFITS	Used	Available
Sick	0.00	40.00
Vacation	0.00	1.54

MEMO:

NET PAY:	$678.60
Acct#....0000:	$300.00
Acct#....0000:	$378.60

PAY	Hours	Rate	Current	YTD
Salary	-	-	1,153.85	2,307.70

DEDUCTIONS	Current	YTD
401K	80.77	161.54
Bright Smile Insurance	10.00	20.00
Good Health Insurance	100.00	200.00

TAXES	Current	YTD
Federal Income Tax	140.36	280.72
Social Security	71.54	143.08
Medicare	16.73	33.46
CA Income Tax	44.31	88.62
CA State Disability Ins	11.54	23.08

SUMMARY	Current	YTD
Total Pay	$1,153.85	$2,307.70
Taxes	$284.48	$568.96
Deductions	$190.77	$381.54

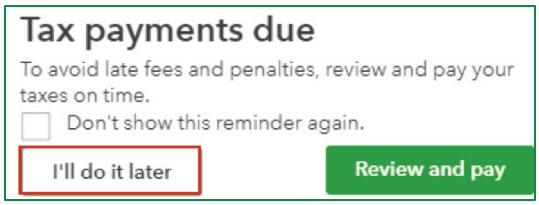
Net Pay **$678.60**

Print as instructed for paychecks

- If you save the pay stubs rather than printing them, name the document **2-Your Name Pay Stubs E Catillo and B Lucchini Ch 9**

Close the tab with the pay stubs for Eloisa and Bill—this is not the QuickBooks Online tab
Click **Finish payroll** at the bottom of the screen

- If you get a Tax payments due message, click **I'll do it later**.


Tax payments due
To avoid late fees and penalties, review and pay your taxes on time.
Don't show this reminder again.
I'll do it later
Review and pay

Continue immediately to the next section
Do not close the Test Drive Company

PAYROLL REPORTS—DRILL

There are nineteen different reports available in the Payroll section of Standard reports at the time of this writing. Available reports include: Employee Details, Employee Directory, Multiple Worksites, Paycheck List, Payroll Billing Summary, Payroll Deductions/Contributions, Payroll Details, Payroll Summary by Employee, Payroll Summary, Payroll Tax Liability, Payroll Tax Payments, Payroll Tax and Wage Summary, Recent/Edited Time Activities, Retirement Plans, Time Activities by Employee Detail, Total Pay, Total Payroll Cost, Vacation and Sick Leave, and Workers' Compensation.

DRILL

Continue to use the **Test Drive Company** and view the Payroll Reports

Click **Reports** on the Navigation bar, scroll through the Standard reports until you get to the section for **Payroll**, click **Payroll Summary**

- The report is shown using Date Range: **Last pay date** and Employee: **Active Employees**.

- The Payroll Summary report shows details for each paycheck you have created and includes information for Name, Net Amount, Total Hours, Taxes Withheld, Total Deductions, Total Pay, Employer Taxes, Employer Contributions, Total Cost, and Check Num.

Click the drop-down list arrow next to the button **Share** in the upper-right corner of the report

Click **Printer friendly**

- The report opens in a separate screen.

Payroll Summary Report — Print — Collins Paint and Wallpaper Services

Mar 15, 2019

CHECK DATE	NAME	NET AMOUNT	TOTAL HOURS	TAXES WITHHELD	TOTAL DEDUCTIONS	TOTAL PAY	EMPLOYER TAXES	EMPLOYER CONTRIBUTIONS	TOTAL COST	CHECK NUM
03/15/2019	Catillo, Eloisa	$443.06	40.00	$70.79	$255.38	$769.23	$90.39	$0.00	$859.62	DD
03/15/2019	Lucchini, Bill	$678.60	40.00	$284.48	$190.77	$1,153.85	$135.59	$0.00	$1,289.44	DD
03/15/2019	Steblay, Kari	$649.04	46.00	$128.86	$104.10	$882.00	$103.63	$0.00	$985.63	71
	Totals	$1,770.70	126.00	$484.13	$550.25	$2,805.08	$329.61	$0.00	$3,134.69	

To print the report, click **Print**, select Landscape orientation, print as previously instructed, then close the report screen

If your instructor wants you to export the report to Excel, click the drop-down list arrow for the Share button, click **Export to Excel**

Open the report in Excel as usual

If the report opens in Protected View, click **Enable Editing**

- If you save the report, name the document **3-Your Name Payroll Sum Ch 9**

When finished with the Payroll Summary report, click **Reports** on the Navigation bar, scroll to the report section for **Payroll**, click **Payroll Tax Liability**

- The report is shown using Date Range: **Last pay date**.
- This report shows you the taxes you need to pay and the ones you've already paid.
- You will see columns for Tax Amount, Tax Paid, and Tax Owed. Notice that Tax Paid shows 0.00 for everything.

Tax Liability Report — Print — Collins Paint and Wallpaper Services

Mar 15, 2019

	TAX AMOUNT	TAX PAID	TAX OWED
CA PIT / SDI	**$82.71**	**$0.00**	$82.71
CA Income Tax	$54.66	$0.00	$54.66
CA State Disability Ins	$28.05	$0.00	$28.05
CA SUI / ETT	**$98.19**	**$0.00**	$98.19
CA ETT	$2.81	$0.00	$2.81
CA SUI Employer	$95.38	$0.00	$95.38
Federal Taxes (941/944)	**$616.01**	**$0.00**	$616.01
Federal Income Tax	$186.83	$0.00	$186.83
Social Security	$173.91	$0.00	$173.91
Social Security Employer	$173.91	$0.00	$173.91
Medicare	$40.68	$0.00	$40.68
Medicare Employer	$40.68	$0.00	$40.68
Federal Unemployment (940)	**$16.83**	**$0.00**	$16.83
FUTA Employer	$16.83	$0.00	$16.83

Use Portrait orientation and print and/or export to Excel as previously instructed

- If you save the report, name the document **4-Your Name Tax Liability Ch 9**

After printing or exporting your reports, immediately continue to the next section without closing the Test Drive Company

PAY TAXES—DRILL

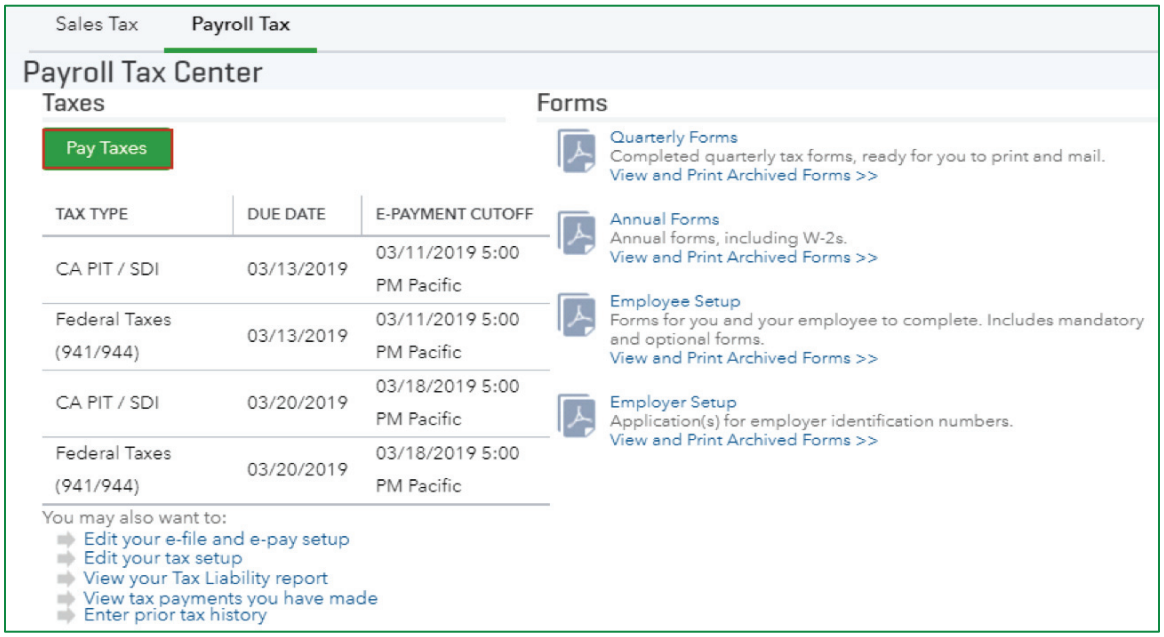
Depending on the number of employees, amount of payroll, and other variables, you will have specific dates for paying the payroll taxes you deduct from employees and for the taxes you owe as an employer.

DRILL

Continue to use the **Test Drive Company** and pay Payroll taxes

Click **Taxes** on the Navigation bar, click the **Payroll Tax** tab

- You will open the Payroll Tax Center where you will see the tax type, due date, e-payment cutoff dates, tax forms, and other activities.
- The dates you see will be different from the ones shown below.



Click the **Pay Taxes** button

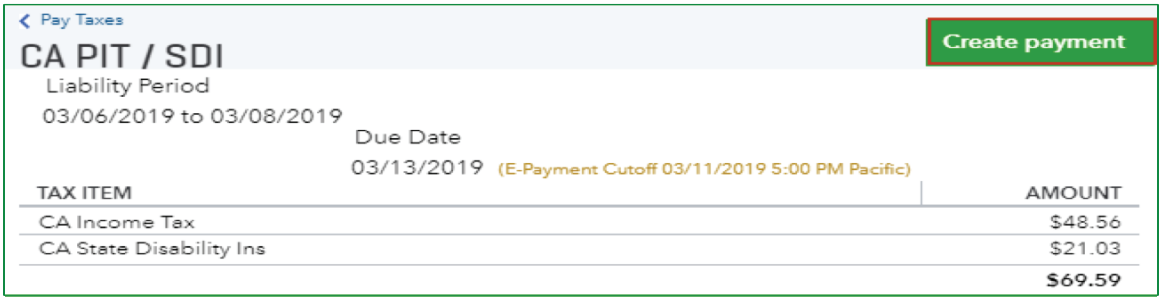
- The Pay Taxes screen shows two sections: Tax Payments Due and Upcoming Tax Payments. If you do not see the expanded section, click the arrow at the end of the heading to expand.
- Your dates will be different from the dates in the text. When dates are different, you may have taxes shown in different categories. If the amounts are different, do not worry QuickBooks Online simply updated tax tables or the dates changed.

Click **CA PIT/SDI** to see the details for the tax payment

TAX TYPE	DUE DATE	E-PAYMENT CUTOFF	AMOUNT	
Tax Payments Due (You need to take action on these tax payments soon.)				
CA PIT / SDI	03/13/2019	03/11/2019 5:00 PM Pacific	$69.59	Create payment
Federal Taxes (941/944)	03/13/2019	03/11/2019 5:00 PM Pacific	$462.12	Create payment
CA PIT / SDI	03/20/2019	03/18/2019 5:00 PM Pacific	$82.71	Create payment
Federal Taxes (941/944)	03/20/2019	03/18/2019 5:00 PM Pacific	$616.01	Create payment
Upcoming Tax Payments (You don't need to pay these yet. We'll remind you when they are due.)				
CA SUI / ETT	04/30/2019	04/26/2019 5:00 PM Pacific	$171.79	Create payment
Federal Unemployment (940)	01/31/2020	01/29/2020 5:00 PM Pacific	$29.45	Create payment

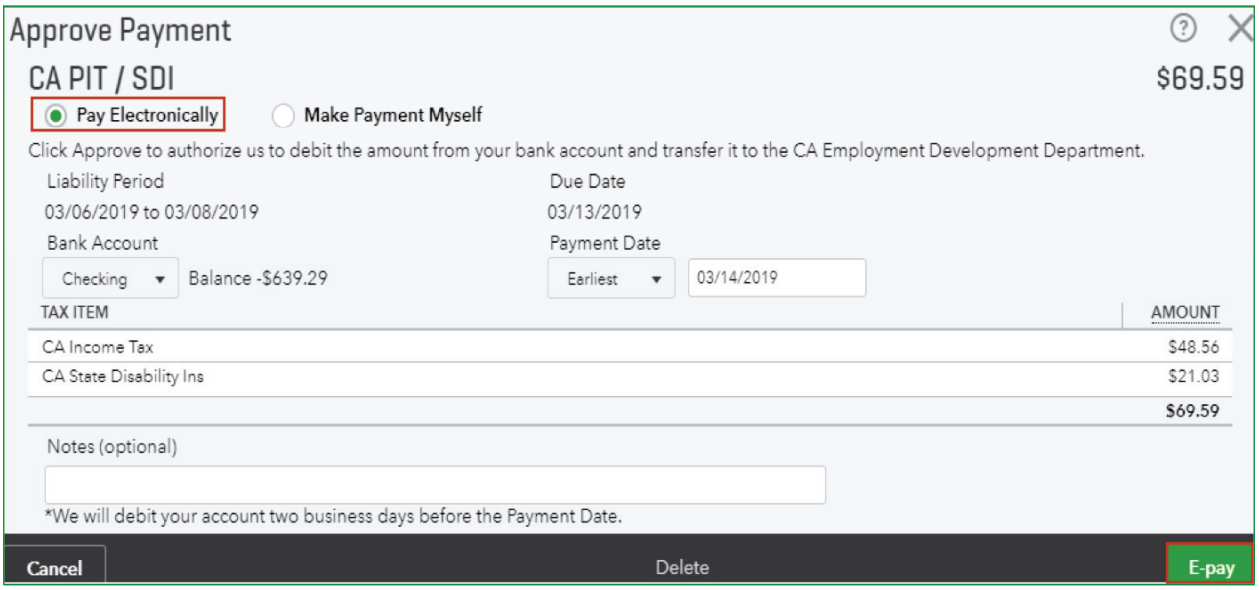
Note: Some of these tax amounts are estimates based on accrual to date. You'll see the actual amount when you click Create Payment.

- You will see that your tax payment will be for CA Income Tax and CA State Disability Insurance with individual amounts for each.

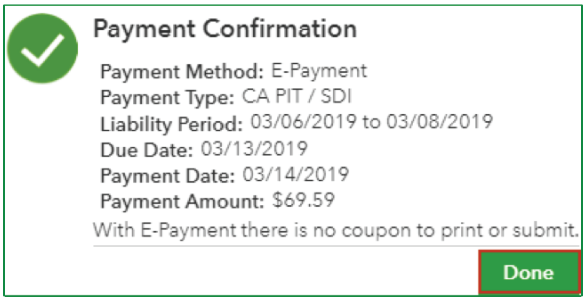


Click the **Create payment** button

- You will see that Pay Electronically is automatically selected.



Click the **E-pay** button at the bottom-right side of the screen
Review the E-pay Payment Confirmation screen, click **Done**


Payment Confirmation
Payment Method: E-Payment
Payment Type: CA PIT / SDI
Liability Period: 03/06/2019 to 03/08/2019
Due Date: 03/13/2019
Payment Date: 03/14/2019
Payment Amount: $69.59
With E-Payment there is no coupon to print or submit.
Done

You are returned to the Pay Taxes screen

- Note that the first payment for CA PIT/SDI no longer shows as a Tax Payment Due.

Close the Test Drive Company

EDIT AN EMPLOYEE—DRILL

Changes can and do occur for employees. As a result, it is possible to edit an employee and change basic payroll information. You may edit the employee to change personal information, pay and withholding information, and employment information.

MEMO
DATE: Current Date

Edit the employee Kari Steblay. Change her last name to Masters, her new address is 281 Apricot Lane, add her Mobile phone: 650-555-9238. Change her pay rate to $18.50 per hour.

DRILL

Open the **Test Drive Company**, activate Payroll, and edit an employee

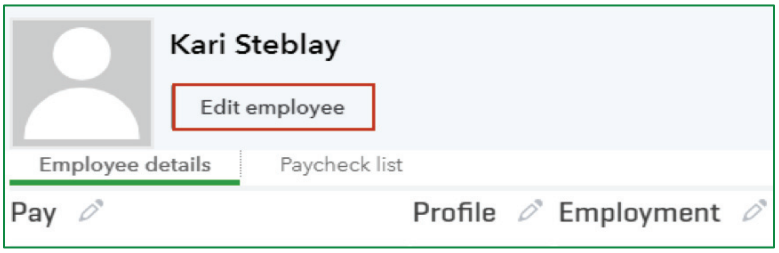
With the Test Drive Company open, click **Workers** on the Navigation bar, click the **Employees** tab, and click **Get Started** to reactivate the feature

- Since you closed the Test Drive Company, all previous payroll information was erased, and payroll was deactivated.
- If you have problems with QuickBooks activating payroll, click the **Gear** icon, click **Sign Out**, close your browser, and then reopen your browser and the Test Drive Company.

Click the employee **Kari Steblay**

- Note that in the section for Employee details, you have three categories of information for Kari: Pay, Profile, and Employment.
- As you review the information for Kari, notice that only the last four digits of the social security number are shown. This is done for security reasons.

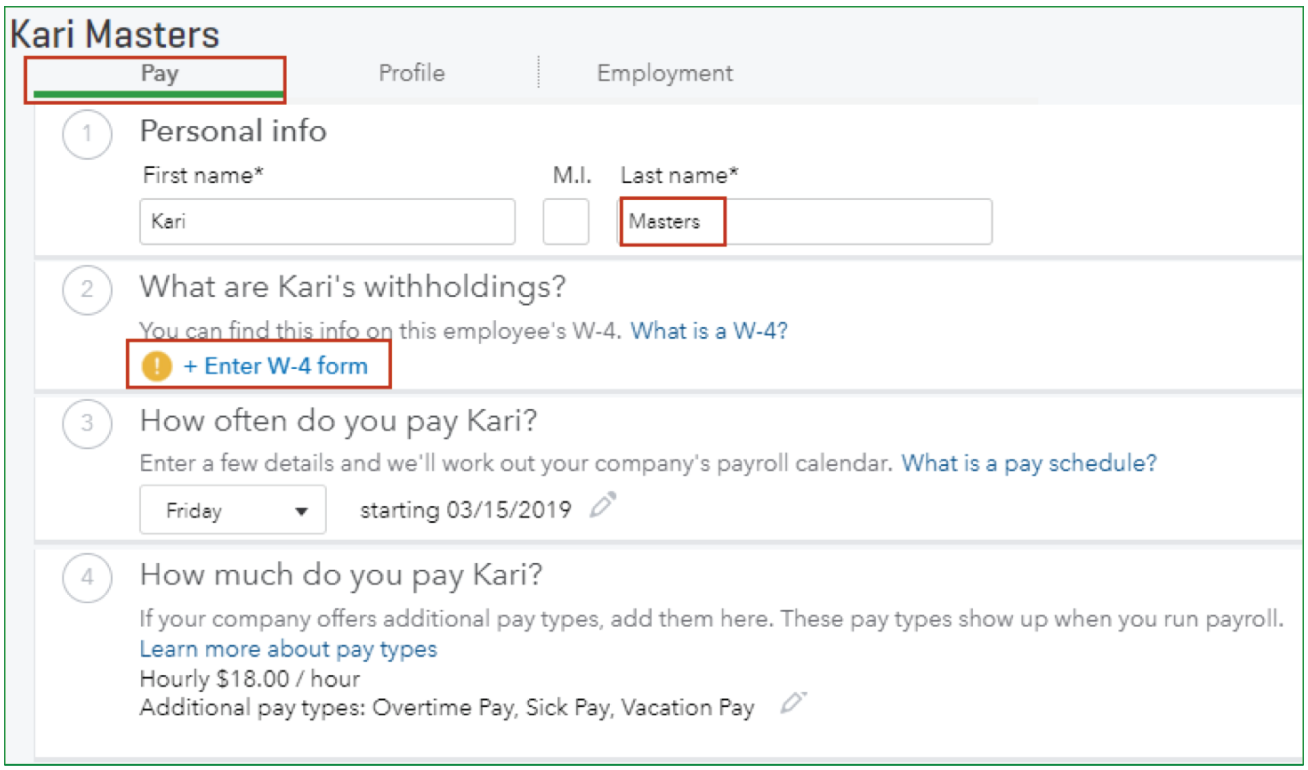
Since you want to change Kari's last name, click the **Edit employee** button



- You are in the Pay section for Kari and able to edit information for her in all three categories.

Click in the Last name text box, delete Steblay, and then enter **Masters**

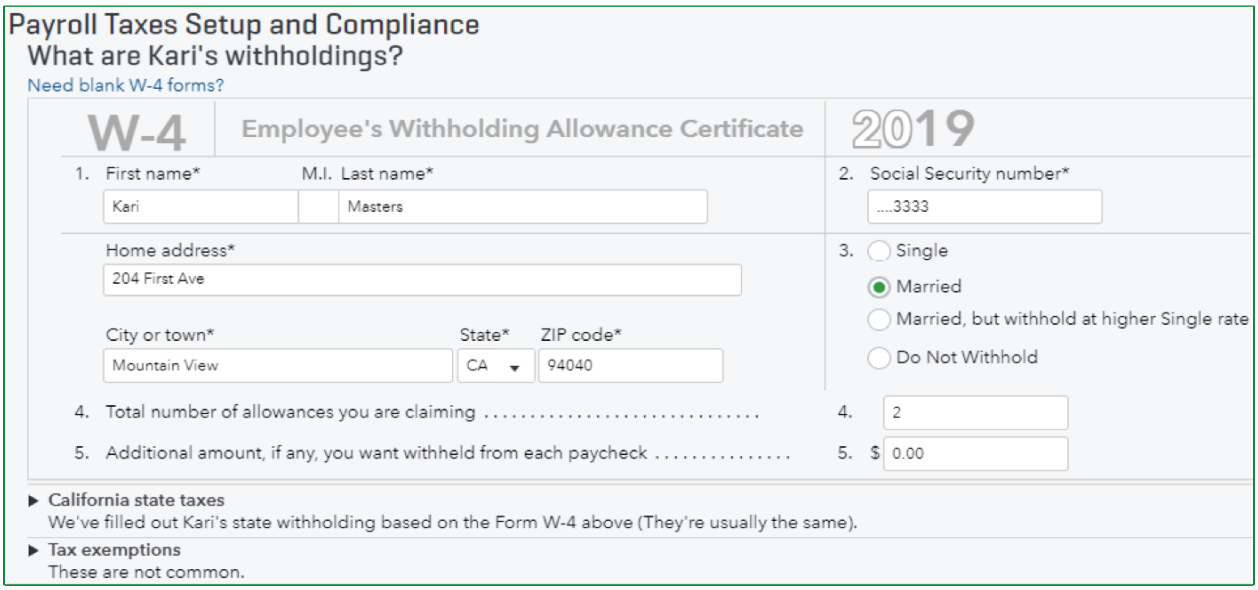
- As you look at the items and categories available for Kari in the Pay section, notice the bright yellow circle with an exclamation point. This means that information needs to be provided.


Kari Masters
Pay
Profile
Employment
1
Personal info
First name*
M.I.
Last name*
Kari
Masters
2
What are Kari's withholdings?
You can find this info on this employee's W-4. What is a W-4?
+ Enter W-4 form
3
How often do you pay Kari?
Enter a few details and we'll work out your company's payroll calendar. What is a pay schedule?
Friday
starting 03/15/2019
4
How much do you pay Kari?
If your company offers additional pay types, add them here. These pay types show up when you run payroll.
Learn more about pay types
Hourly $18.00 / hour
Additional pay types: Overtime Pay, Sick Pay, Vacation Pay

Click **+Enter W-4 form**

Review the information provided, no changes are needed

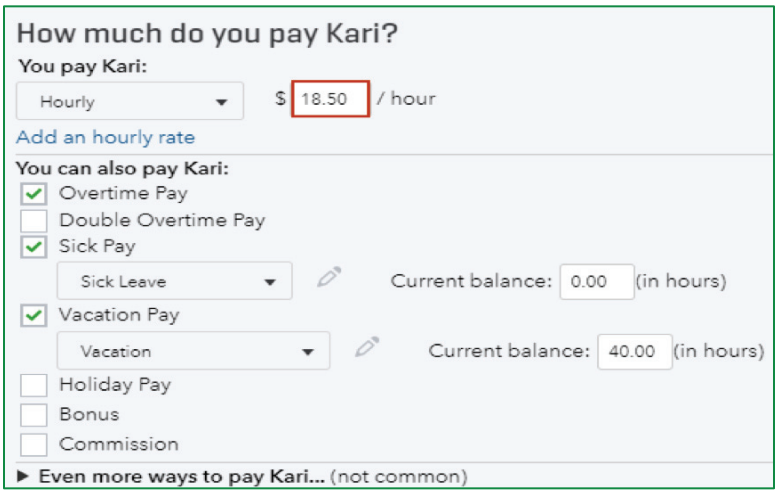
- Notice that only the last four digits of Kari's Social Security number are shown. This is done for security reasons.



Click **Done**

- You return to the Pay section for Kari.

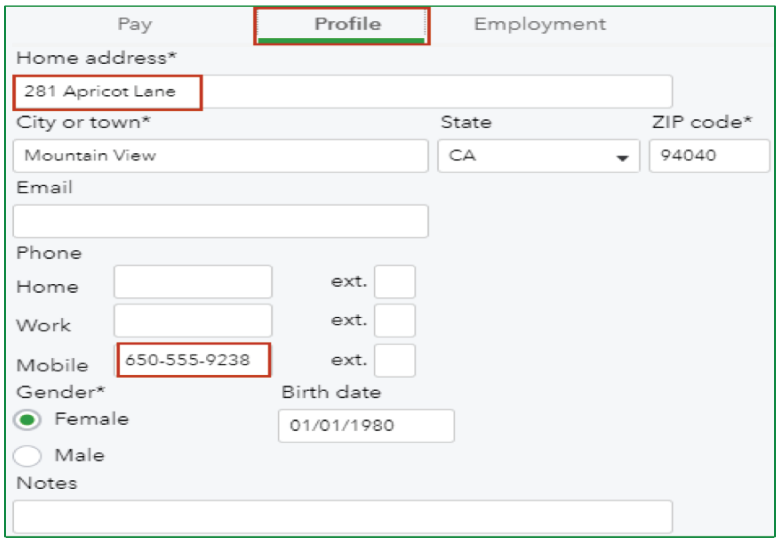
Click the **Pen** icon for Step 4 How much do you pay Kari?
Click in the text box that shows 18.00, change the amount to **18.50**



Click **Done**

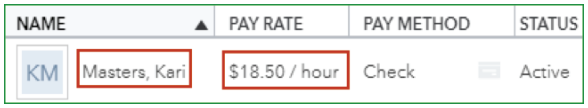
- You return to the Pay section for Kari.
- There are no other pay changes required for Kari.

Click **Profile** at the top of screen
Change the Home address to **281 Apricot Lane**
Click in the text box for Mobile, enter **650-555-9238**, press **Tab**



There are no changes required to the Employment section
Click **Done**
Click **<Employee list** above Kari Masters' name

- Sometimes, you will briefly see Kari's employment information and will then automatically return to the Employee list.
- Note the changes for Kari.



Do not close the Test Drive Company continue to the next section

ADD NEW EMPLOYEE—DRILL

Whenever a new employee is hired, the employee is added to the Employees List. Basic payroll information; such as, pay type, voluntary and required deductions and withholdings, sick leave and vacation leave, gender, address, and other information are added for the employee.

MEMO
DATE: Current Date

Add a new part-time employee: Beth Ling. Pay Section: Item 2: W-4 Info: Social Security number: 100-55-4654; Home address: 2182 Carbon Avenue, Sunnyvale, CA 94086; Single; Allowance: 1. Item 3: How often do you pay Beth: add a new Payroll schedule for Every Other Week; Name the Pay Schedule: Every Other Friday. Item 4: Paid: Hourly @ $15 per hour. Also eligible for Overtime Pay. Profile Section: Mobile Phone: 650-555-7412; Gender: Female; Birth date: 03/23/1993. Employment Section: click New Hire report and Form I-9; Hire date: two weeks before the current date.

DRILL

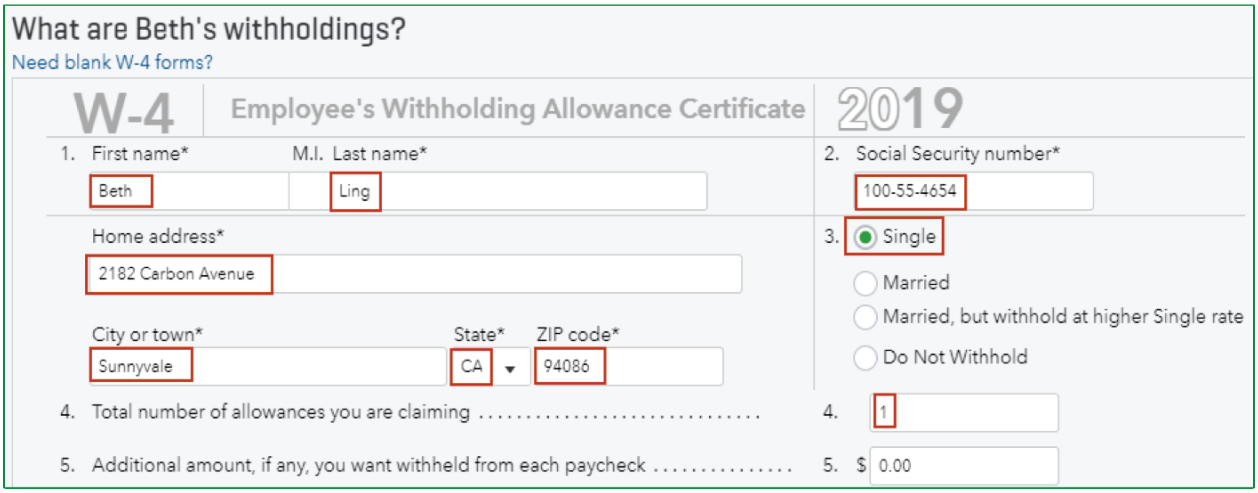
Continue to use the **Test Drive Company** and add a new employee

Click the **Add an employee** button

- You will enter the Pay, Profile, and Employment information for the new employee.

Click in First name, enter **Beth**, press **Tab** two times

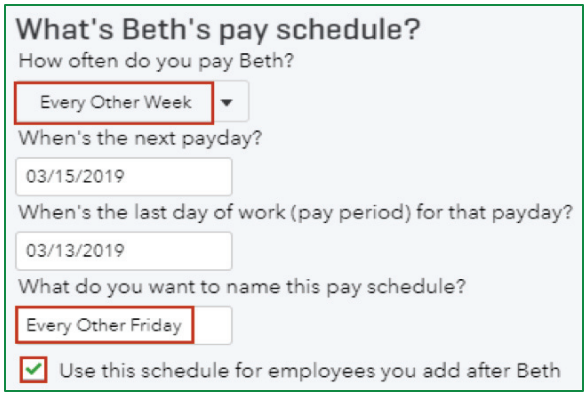
In Last name, enter **Ling**
For Item 2, click the **Enter W-4 form** button
Complete the W-4 form:
Item 1: First name: **Beth**; Last name: **Ling**; Home address: **2182 Carbon Avenue**; City: **Sunnyvale**; State: **CA**; Zip code: **94086**
Item 2: Social Security number: **100-55-4654**
Item 3: **Single**
Item 4: **1**
Item 5: **0.00**



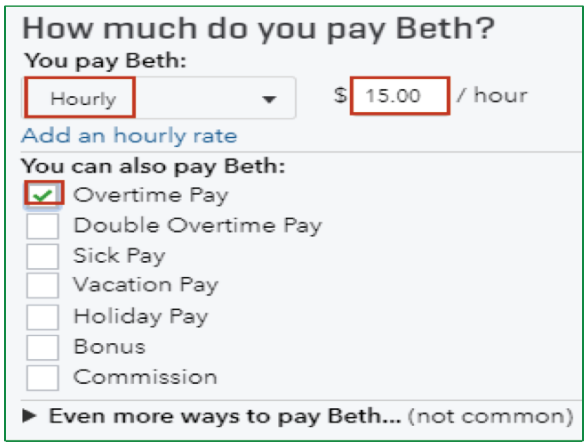
Click **Done**
For Item 3 in the Pay section, click the drop-down list arrow next to Friday, click **Add new**

- The other employees are paid every Friday. Beth will be placed on the new Pay Schedule of Every Other Week.

Click the drop-down list arrow next to Every Week, click **Every Other Week**
Accept the dates and the pay schedule name shown by QuickBooks Online
Make sure Use this schedule for employees you add after Beth is selected (check box should be marked)
Click **Done**
For Item 4 in the Pay section, enter **15** in the text box for / hour
Click **Add additional pay types**
Click **Overtime Pay**


What's Beth's pay schedule?
How often do you pay Beth?
Every Other Week
When's the next payday?
03/15/2019
When's the last day of work (pay period) for that payday?
03/13/2019
What do you want to name this pay schedule?
Every Other Friday
Use this schedule for employees you add after Beth

- Since Beth is a part-time employee, she is not eligible for sick or vacation pay.



Click **Done**

For Items 5 and 6 in the pay section, do not make any changes

Click **Profile** at the top of the screen

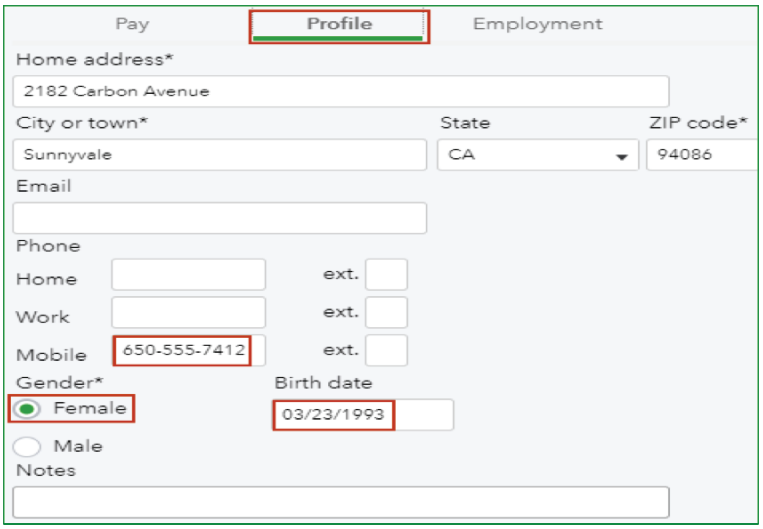
- The address information was entered when the W-4 form was completed.

Enter Beth's Mobile Phone: **650-555-7412**

For Gender, click **Female**

Click in the text box for Birth date, enter **03/23/1993**. Press **Tab**

- In payroll you must enter the two-digit month, the **/**, two-digit day, the **/**, and the four-digit year.



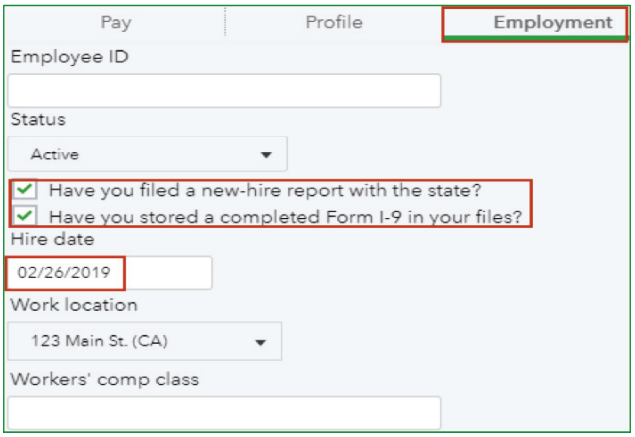
Click **Employment** at the top of the screen

Click the check box for *Have you filed a new-hire report with the state?*

- The new hire report requires the submission of the report to a designated state agency. The information in the report is used to prevent erroneous benefit payments for unemployment, workers' compensation, and public assistance. In addition, the report is used to enforce child support payments.

Click the check box for *Have you stored a completed Form I-9 in your files?*

- Form I-9 verifies employment eligibility status.

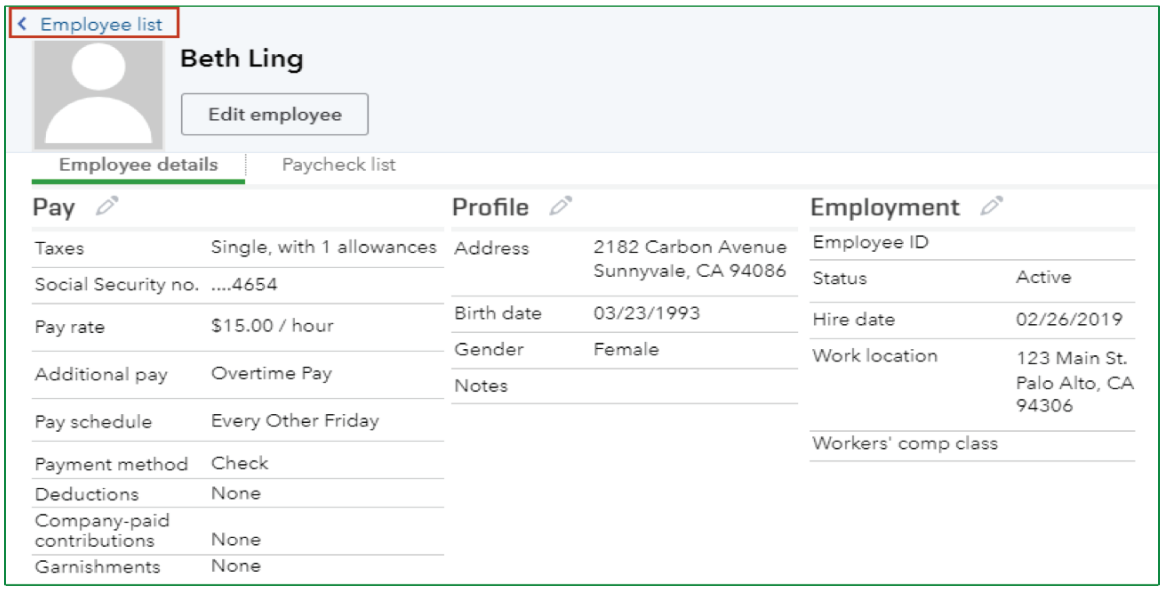


For Hire date, enter the date for two weeks ago

- The example uses 02/26/2019 and must be entered with the / and the four-digit year.

Click **Done**

Review the payroll details for Beth Ling



Click **<Employee list** just above Beth's name
Do not close the Test Drive Company, continue with the next section

PAY PAYROLL, EDIT, AND DELETE PAYCHECK—DRILL

Now that you have a new payroll schedule in place, you will pay the employees who are paid on the schedule for Every Other Friday. If you make a mistake in processing the payroll, you may delete an individual check if you do so prior to printing it.

MEMO
DATE: Current Date

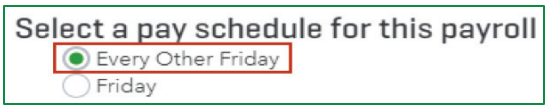
Pay the employee who is paid on the schedule for Every Other Friday—Beth Ling. Enter 40 hours of regular pay and 2 hours of overtime pay for Beth Ling.

Edit the paycheck for Beth Ling. Change her overtime hours to 3.

You realized that you were paying Beth for the incorrect pay period. Delete the paycheck for Beth Ling.

DRILL

Continue to use the **Test Drive Company** and prepare the payroll for Every Other Friday

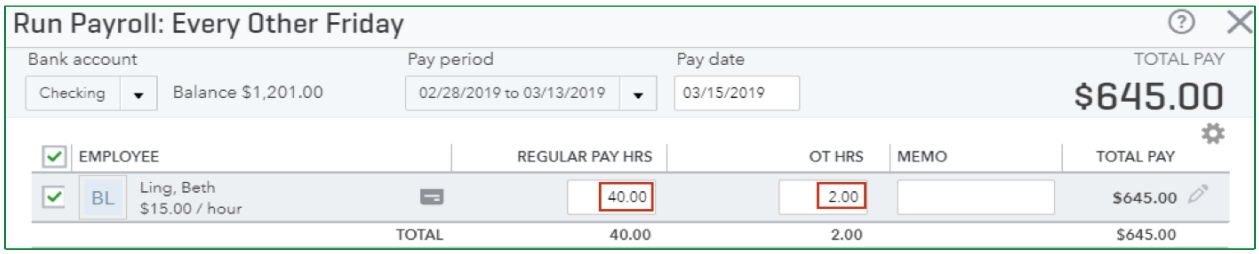


Click the **Run payroll** button
Select the schedule for **Every Other Friday** if it is not already selected
Click **Continue**

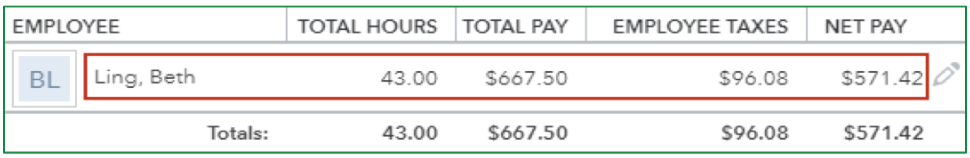
- Beth Ling will be shown.

Use the dates provided by QuickBooks Online
Enter the hours worked for Beth Ling: Regular Pay Hrs: **40** OT Hrs: **2**

- Even though Beth is part time and works 20 hours a week. She worked overtime for 2 hours one day to help get a project completed.



Click **Preview payroll**
Click the **Pen** icon next to her Net Pay
Change her overtime hours to **3**, press **Tab**
Click **OK**



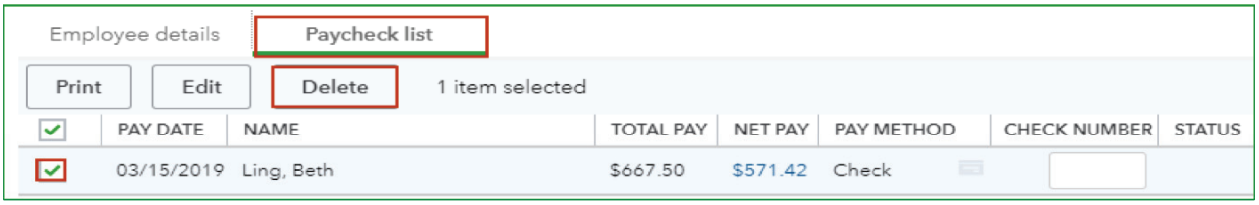
Click **Submit Payroll**
View the information for Beth Ling

- Do not print her check.

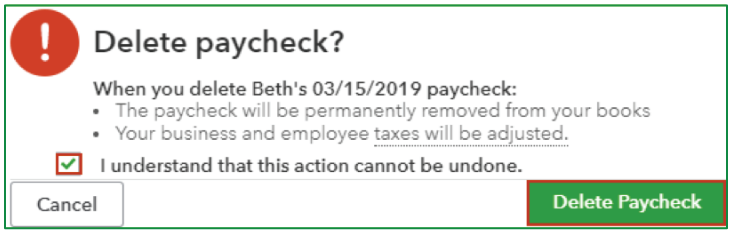
Click **Finish payroll**

- If you get a Tax payments due message, click **I'll do it later**.

Since you processed Beth's check for the incorrect pay period, you will need to delete it
Click **Beth Ling** in the Employee List
Click **Paycheck list**
Click the check box for the paycheck to select
Click the **Delete** button



Read the warning screen for: Delete paycheck?
Click **I understand that this action cannot be undone.** to mark the check box
Click the **Delete Paycheck** button


Delete paycheck?
When you delete Beth's 03/15/2019 paycheck:
The paycheck will be permanently removed from your books
Your business and employee taxes will be adjusted.
I understand that this action cannot be undone.
Cancel
Delete Paycheck

- The check for Beth Ling will no longer be shown in her Paycheck list.

Click **< Employee list**
Do not close the Test Drive Company

TERMINATE ACTIVE EMPLOYEE—DRILL

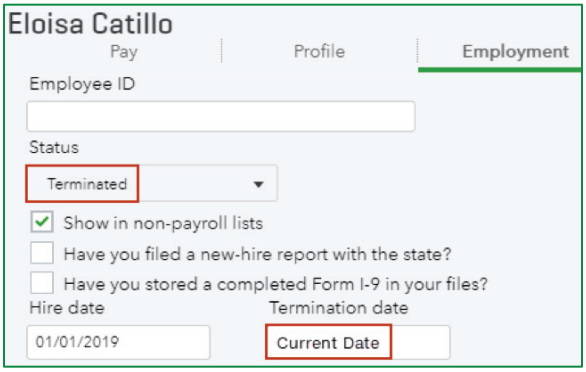
If you terminate or change the status of an employee, you must indicate the change of status in QuickBooks Online Payroll.

MEMO
DATE: Current Date

Eloisa Catillo turned in her resignation because she accepted a position at a different company. Terminate her employment.

DRILL

Continue to use the **Test Drive Company** to terminate an employee



Click the name **Catillo, Eloisa** in the Employees List
Click the **Pen** icon next to Employment in her Employee information
Click the drop-down list arrow for **Status**, click **Terminated**
Enter the **Current Date** as the Termination date
Click **Done**
Click **<Employee list**

- Eloisa Catillo will no longer be shown in the list of Active Employees.

Do not close the Test Drive Company

REINSTATE INACTIVE EMPLOYEE—DRILL

There may be instances in which an inactive employee is reinstated. This may be as simple as giving the employee Active status or it may require entering additional payroll information for the employee.

MEMO
DATE: Current Date

Eloisa Catillo decided not to take the position with the other company. Reinstate her to active status.

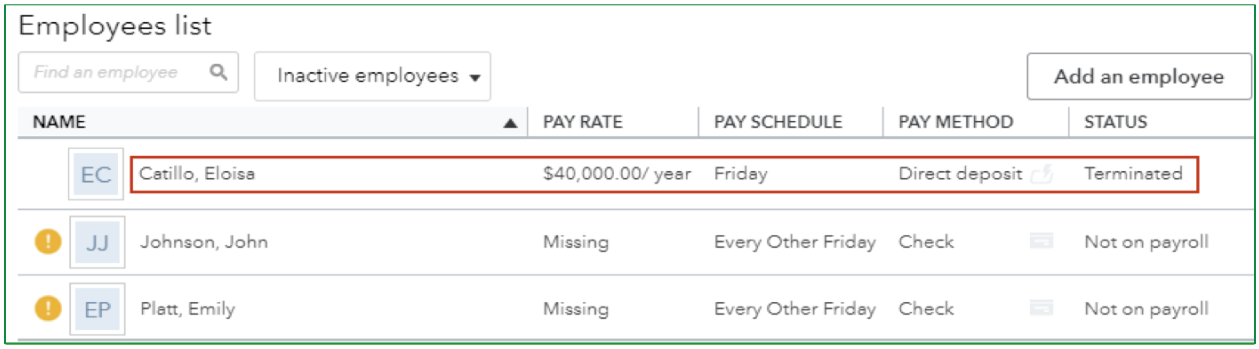
DRILL

Continue to use the **Test Drive Company** and reinstate Eloisa Catillo to Active status

On the Employees list, click the drop-down list arrow for **Active employees**, click **Inactive employees**

- Notice that Eloisa is shown in the list of inactive employees with a status of Terminated. The other two employees, John Johnson and Emily Platt are also inactive but have a

status of Not on payroll. If either of these two employees were activated, all the payroll information would need to be entered. This would follow the same procedures you used when adding the new employee, Beth Ling.



Click **Eloisa Catillo**

- This will open her employee record.

Click the **Pen** icon next to **Employment**
Click the drop-down list arrow for Status, click **Active**, click **Done**
Click **<Employee list**

- You will see Eloisa Catillo in the list of Active employees.

Do not close the Test Drive Company

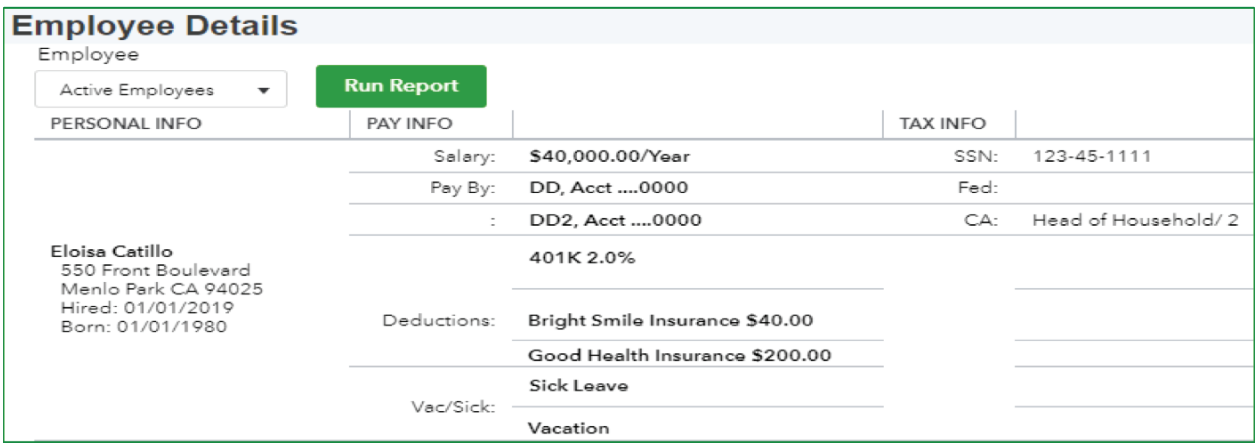
EMPLOYEE DETAILS REPORT—DRILL

Once you have completed the exercises for adding and editing employees, it is important to print the Employee Details report. This report gives you complete information regarding salaries and wages, tax information, deductions, and vacation/sick leave.

DRILL

Continue to use the **Test Drive Company** and prepare the Employee Details report

Click **Reports** on the Navigation bar, in the Standard reports list scroll to the **Payroll** section, click **Employee Details** report
Review the information shown for each employee



Partial Report

9

Click the drop-down list arrow next to the Share button, click either **Printer Friendly** or **Export to Excel** and prepare the report in Portrait orientation as previously instructed

- If you save the report, name the document **5-Your Name Emp Details Ch 9**

After printing or exporting your report close the Test Drive Company

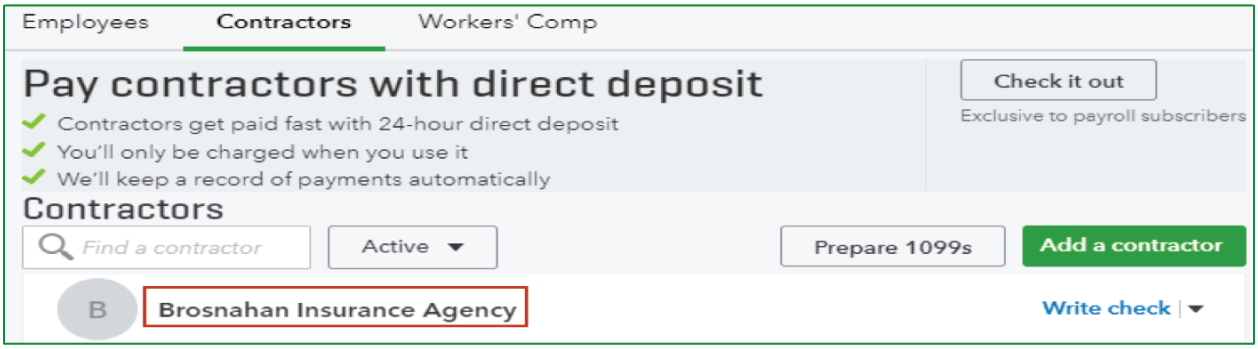
PAY CONTRACTORS—DRILL

With QuickBooks Payroll, you can pay your 1099 contractors using QuickBooks Online. Paying a contractor is as simple as writing a check. When you add a contractor, the contractor's Personal details and Payment details are added by the contractor.

DRILL

Open the **Test Drive Company** and pay Brosnahan Insurance Agency

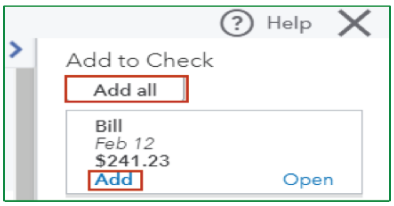
Click **Workers** on the Navigation bar, click **Contractors**



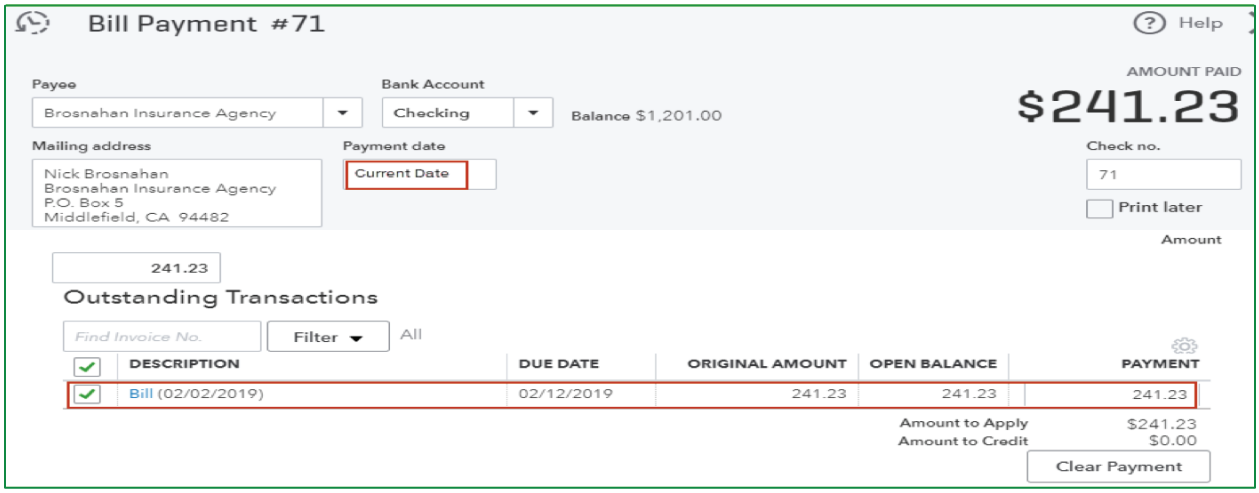
Click the name Brosnahan Insurance Agency to view the Personal details for the contractor

- You will see the information provided by Brosnahan Insurance that includes: Contractor type, Business name, Display name, Employer Identification Number (EIN), Email, and Address.
- If you wanted to write a check to Brosnahan Insurance Agency, you could click the Write Check button and pay the bill on this screen.

Click the **<Contractors** at the top of the screen
To pay the bill, click **Write check**
Click **Add all** or **Add** on the Add to Check pane

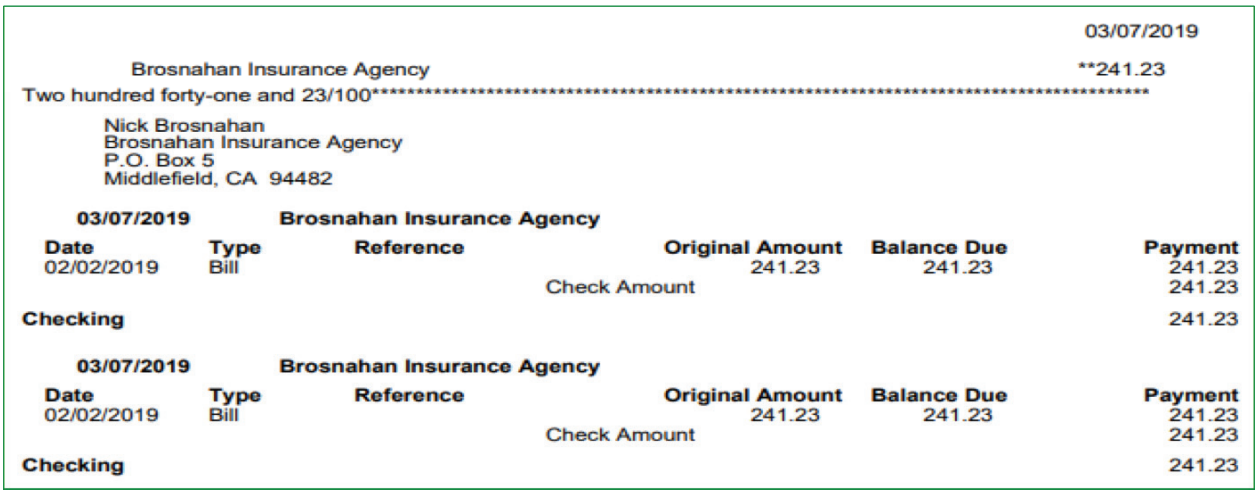


- The bill payment check will be completed automatically and will have the current date.



Click **Print check** to print the bill payment check to Brosnahan Insurance Agency
Enter the Starting check no. **71**
Print in Portrait orientation, export, and/or send/submit as previously instructed

- If you save the check, name it: **6-Your Name Ck Brosnahan Insurance Ch 9**
- It is normal to see the payment information shown twice.



03/07/2019

Brosnahan Insurance Agency **241.23

Two hundred forty-one and 23/100**********

Nick Brosnahan
Brosnahan Insurance Agency
P.O. Box 5
Middlefield, CA 94482

03/07/2019 Brosnahan Insurance Agency

Date	Type	Reference	Original Amount	Balance Due	Payment
02/02/2019	Bill		241.23	241.23	241.23
		Check Amount			241.23
Checking					241.23

03/07/2019 Brosnahan Insurance Agency

Date	Type	Reference	Original Amount	Balance Due	Payment
02/02/2019	Bill		241.23	241.23	241.23
		Check Amount			241.23
Checking					241.23

On the screen for Did your checks print OK?, click **Done**
Close **Print checks**
Do not close the Test Drive Company

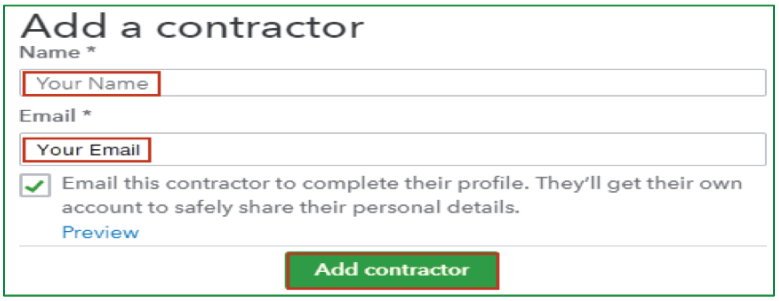
ADD A CONTRACTOR—DRILL

QuickBooks Online allows you to invite contractors to securely enter their tax information so you can process their 1099s more easily. If you do not have a contractor that is already setup as a vendor, you email the contractor with an invitation to setup an account and to complete personal details.

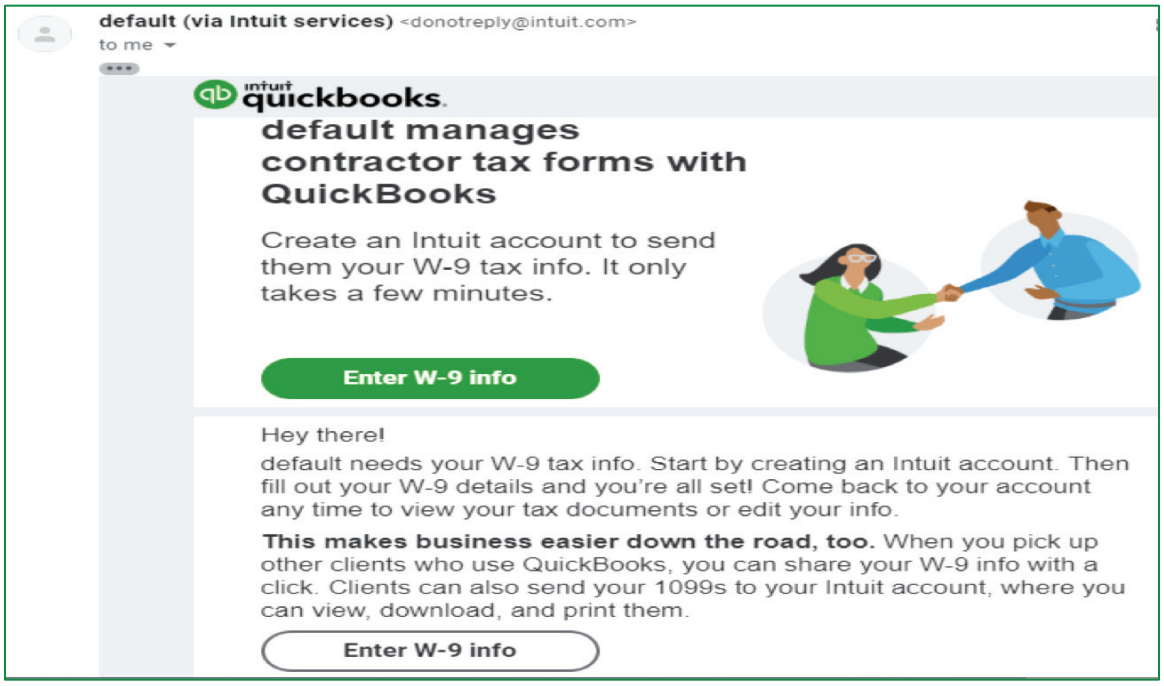
DRILL

Continue to use the **Test Drive Company** and add a contractor

Click the **Add a contractor** button on the list of contractors
Enter your name and email address
Click **Add contractor**


Add a contractor
Name *
Your Name
Email *
Your Email
Email this contractor to complete their profile. They'll get their own account to safely share their personal details.
Preview
Add contractor

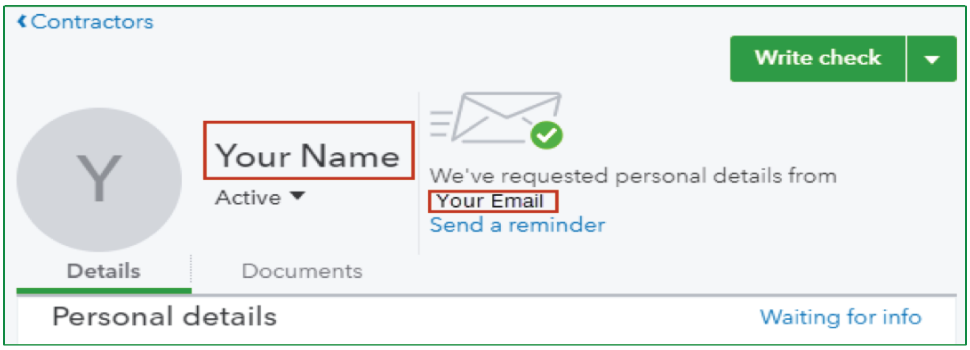
Do not close the Test Drive company
Click a blank tab on the Web browser you are using
Go to your email account and open the email from Intuit


default (via Intuit services) <donotreply@intuit.com>
to me
quickbooks
default manages contractor tax forms with QuickBooks
Create an Intuit account to send them your W-9 tax info. It only takes a few minutes.
Enter W-9 info
Hey there!
default needs your W-9 tax info. Start by creating an Intuit account. Then fill out your W-9 details and you're all set! Come back to your account any time to view your tax documents or edit your info.
This makes business easier down the road, too. When you pick up other clients who use QuickBooks, you can share your W-9 info with a click. Clients can also send your 1099s to your Intuit account, where you can view, download, and print them.
Enter W-9 info

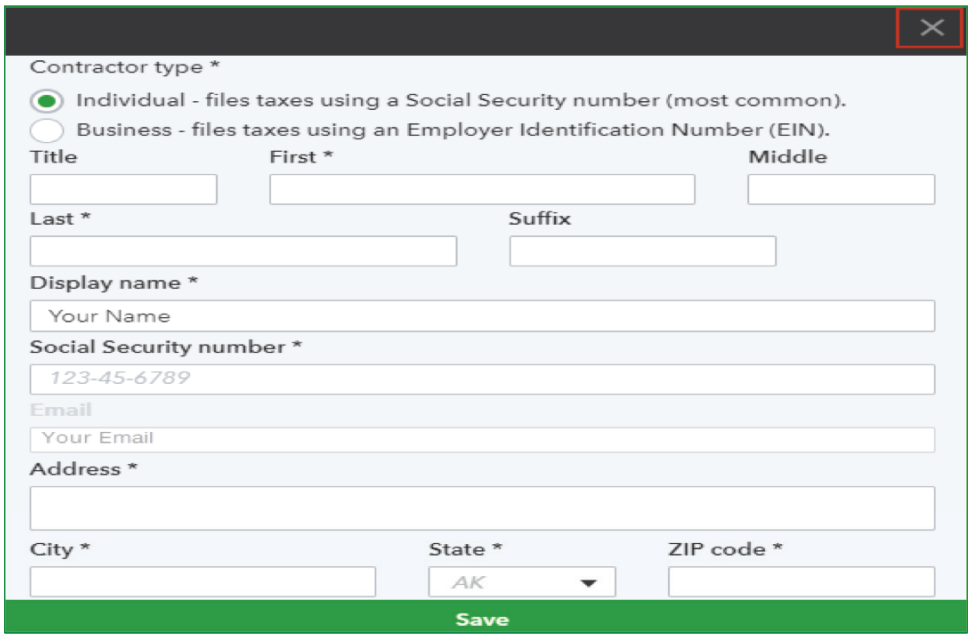
- Delete the email without completing any of the information.

Return to the Test Drive Company

- You will see Your Name and Email with Waiting for info for Personal details.



Click **Personal details**
On the screen for Contractor type, click **Individual – files taxes using a Social Security number**
View the Personal details screen



- Because you must enter your actual information into the personal details, you will not complete this screen.

Click the **Close** button just above Contractor type
Close the Test Drive Company

PAYROLL SETTINGS—DRILL

When you first subscribe to QuickBooks Online Payroll, you go through a series of screens that enable you to make selections regarding pay policies, electronic services, tax setup, deductions, and preferences. These may be edited and changed.

DRILL

Open the **Test Drive Company** and review and edit Payroll Settings

Click **Workers** on the Navigation bar, click **Employees**
Click the **Get started** button
After you see the Employees list, click the **Gear** icon
Click **Payroll Settings** in the column for Your Company

- You will see the Preferences screen for payroll. It is divided into two sections Setup and Setup Overview.
- The tutorial will be completed using the Setup Overview.
- The Setup Overview has three categories: Payroll and Services, Company and Account, and Employees. Each of the categories has sections and within each section are subsections containing payroll preferences that should be completed.

Payroll and Services

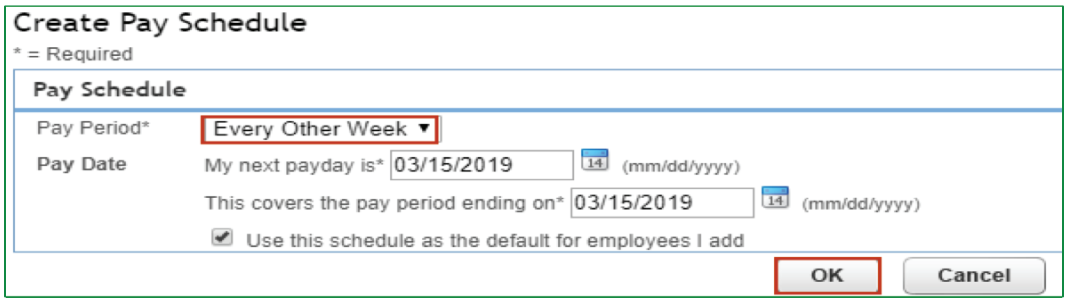
The category for Payroll and Services include sections for Payroll, Taxes, Electronic Services, and Export. Review each of the items within each section and make the changes indicated in the step-by-step directions.

Use the **Test Drive Company** to review the Payroll and Services category and to customize the payroll settings

Payroll

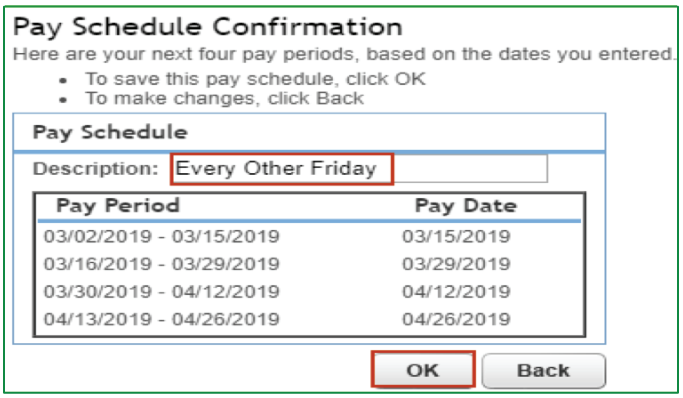
Click **Pay Schedules** in the Payroll section of Payroll and Services category
In the Payroll section, click the **Create** button for Pay Schedules to create a pay schedule for Every Other Friday
Click the drop-down list arrow for Pay Period, click **Every Other Week**
Click the check box for: Use this schedule as the default for employees I add

- Use the dates inserted by QuickBooks Online. Your dates will not match the ones in the example.



Click **OK**

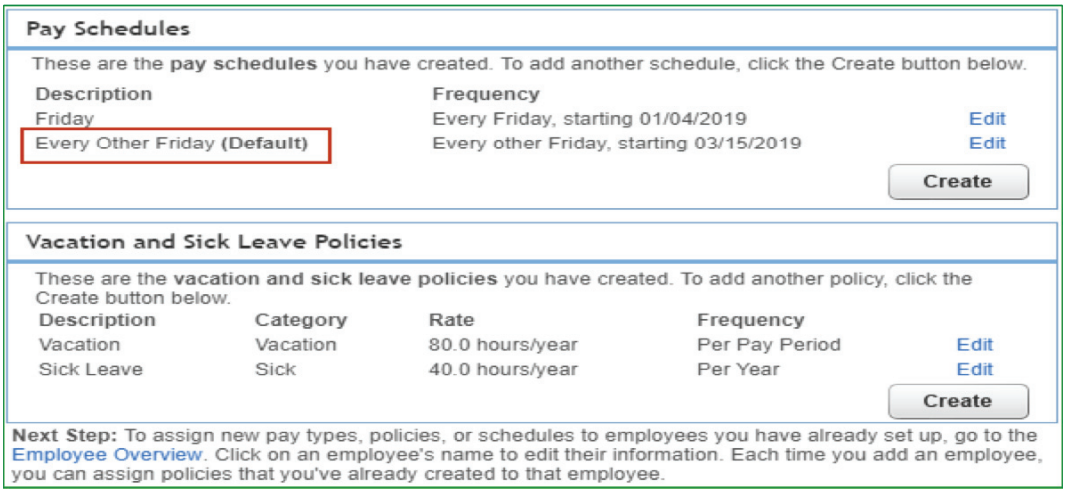
- You will see a Pay Schedule Confirmation screen showing the Description: **Every Other Friday** and a list of Pay Periods and Pay Dates.



Click **OK**

- Note the addition of the new Pay Schedule.

There are no changes to Vacation and Sick Leave Policies


Pay Schedules
These are the pay schedules you have created. To add another schedule, click the Create button below.
Description
Frequency
Friday
Every Friday, starting 01/04/2019
Edit
Every Other Friday (Default)
Every other Friday, starting 03/15/2019
Edit
Create
Vacation and Sick Leave Policies
These are the vacation and sick leave policies you have created. To add another policy, click the Create button below.
Description
Category
Rate
Frequency
Vacation
Vacation
80.0 hours/year
Per Pay Period
Edit
Sick Leave
Sick
40.0 hours/year
Per Year
Edit
Create
Next Step: To assign new pay types, policies, or schedules to employees you have already set up, go to the Employee Overview. Click on an employee's name to edit their information. Each time you add an employee, you can assign policies that you've already created to that employee.

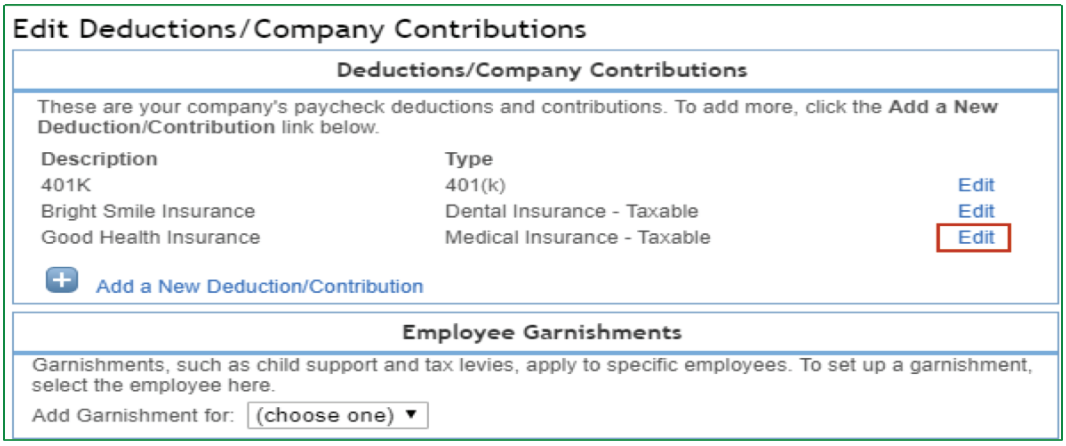
Click the **Back** arrow at the top of the QuickBooks Online screen next to the URL to return to the Setup Overview

- You will have to click the Back arrow several times until you get back to the Setup Overview.

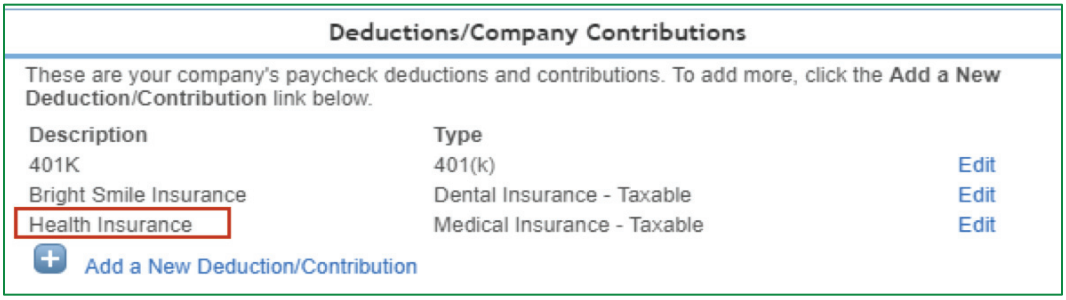
When you see the following screen, you have returned to the Setup Overview

9

Click **Deductions/Contributions** in the Payroll section of the Payroll and Services category
Review the Deductions/Company Contributions and Employee Garnishments
Click **Edit** next to Good Health Insurance


Edit Deductions/Company Contributions
Deductions/Company Contributions
These are your company's paycheck deductions and contributions. To add more, click the Add a New Deduction/Contribution link below.
Description
Type
401K
401(k)
Edit
Bright Smile Insurance
Dental Insurance - Taxable
Edit
Good Health Insurance
Medical Insurance - Taxable
Edit
Add a New Deduction/Contribution
Employee Garnishments
Garnishments, such as child support and tax levies, apply to specific employees. To set up a garnishment, select the employee here.
Add Garnishment for: (choose one)

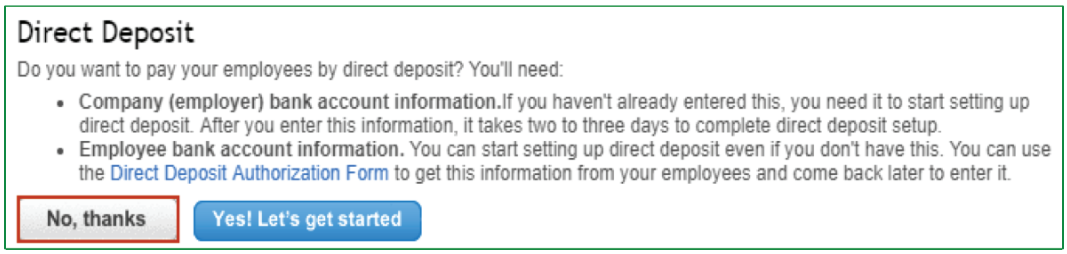
Delete the word **Good** from the Description
Click **OK**
Review the changes



Click the **Back** arrow next to the URL to return to Setup Overview

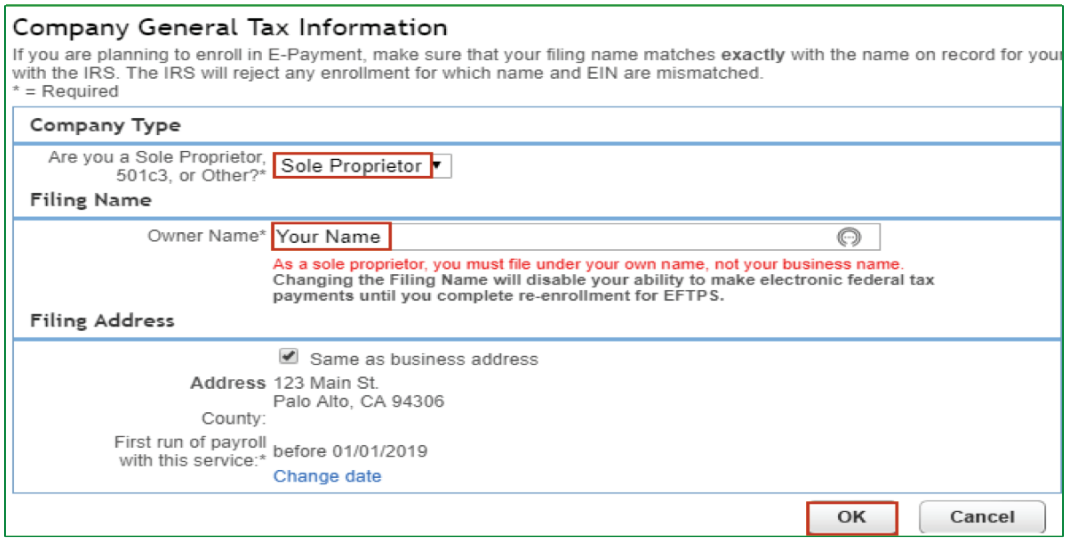
- Remember, you will have to click the Back arrow several times.

Click **Direct Deposit** in the Payroll section of the Payroll and Services category
Read the information provided on the screen regarding Direct Deposit
Click the **No, thanks** button

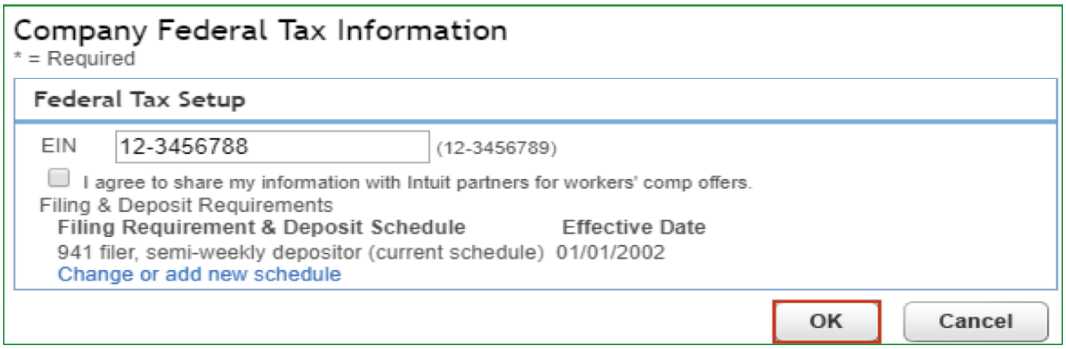

Direct Deposit
Do you want to pay your employees by direct deposit? You'll need:
Company (employer) bank account information. If you haven't already entered this, you need it to start setting up direct deposit. After you enter this information, it takes two to three days to complete direct deposit setup.
Employee bank account information. You can start setting up direct deposit even if you don't have this. You can use the Direct Deposit Authorization Form to get this information from your employees and come back later to enter it.
No, thanks
Yes! Let's get started

Taxes

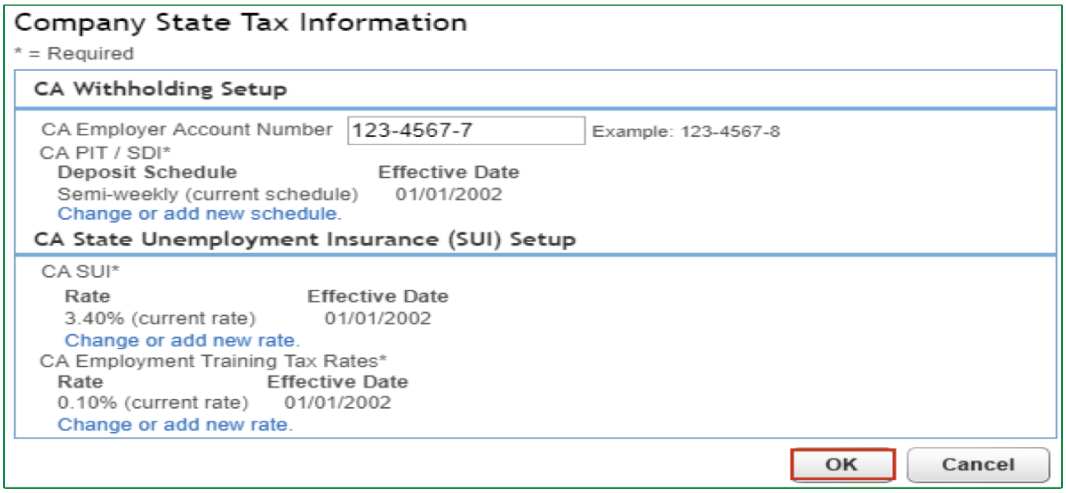
Click **General Tax Information** in the Taxes section of the Payroll and Services category
For Company Type, click the drop-down list arrow for Other, click **Sole Proprietor**
In the Filing Name section, delete the company name and enter **Your Name** (your real name) for the Owner Name


Company General Tax Information
If you are planning to enroll in E-Payment, make sure that your filing name matches exactly with the name on record for your
with the IRS. The IRS will reject any enrollment for which name and EIN are mismatched.
* = Required
Company Type
Are you a Sole Proprietor, 501c3, or Other?* Sole Proprietor
Filing Name
Owner Name* Your Name
As a sole proprietor, you must file under your own name, not your business name.
Changing the Filing Name will disable your ability to make electronic federal tax payments until you complete re-enrollment for EFTPS.
Filing Address
Same as business address
Address 123 Main St.
Palo Alto, CA 94306
County:
First run of payroll with this service:* before 01/01/2019
Change date
OK
Cancel

Click **OK**
Click **Federal Taxes** in the Taxes section of the Payroll and Services category
Review the information presented


Company Federal Tax Information
* = Required
Federal Tax Setup
EIN 12-3456788 (12-3456789)
I agree to share my information with Intuit partners for workers' comp offers.
Filing & Deposit Requirements
Filing Requirement & Deposit Schedule
Effective Date
941 filer, semi-weekly depositor (current schedule) 01/01/2002
Change or add new schedule
OK
Cancel

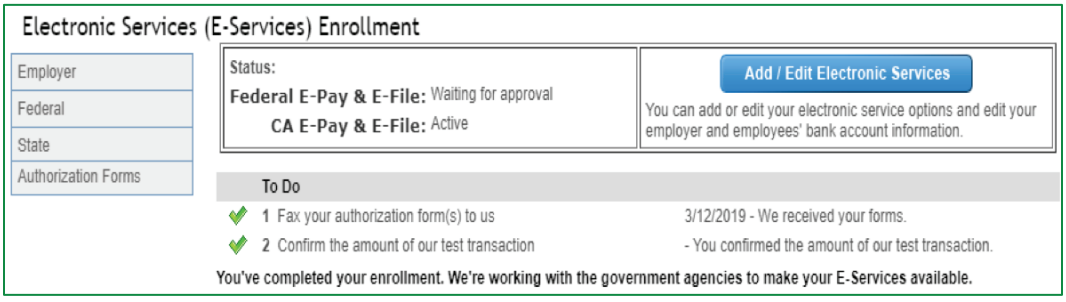
No changes are necessary, click **OK**
Click **State Taxes** in the Taxes section of the Payroll and Services category
Review the information presented



No changes are necessary, click **OK**
Click **Federal Form Preferences**
View the preferences and note that they may be changed
When finished, click **OK**

Electronic Services

Click **Update Electronic Services** in the Electronic Services section of the Payroll and Services category
Read the information on setting up E-Services


Electronic Services (E-Services) Enrollment
Employer
Federal
State
Authorization Forms
Status:
Federal E-Pay & E-File: Waiting for approval
CA E-Pay & E-File: Active
Add / Edit Electronic Services
You can add or edit your electronic service options and edit your employer and employees' bank account information.
To Do
1 Fax your authorization form(s) to us
3/12/2019 - We received your forms.
2 Confirm the amount of our test transaction
- You confirmed the amount of our test transaction.
You've completed your enrollment. We're working with the government agencies to make your E-Services available.

No changes are necessary, click the **Back** arrow and continue in the next section

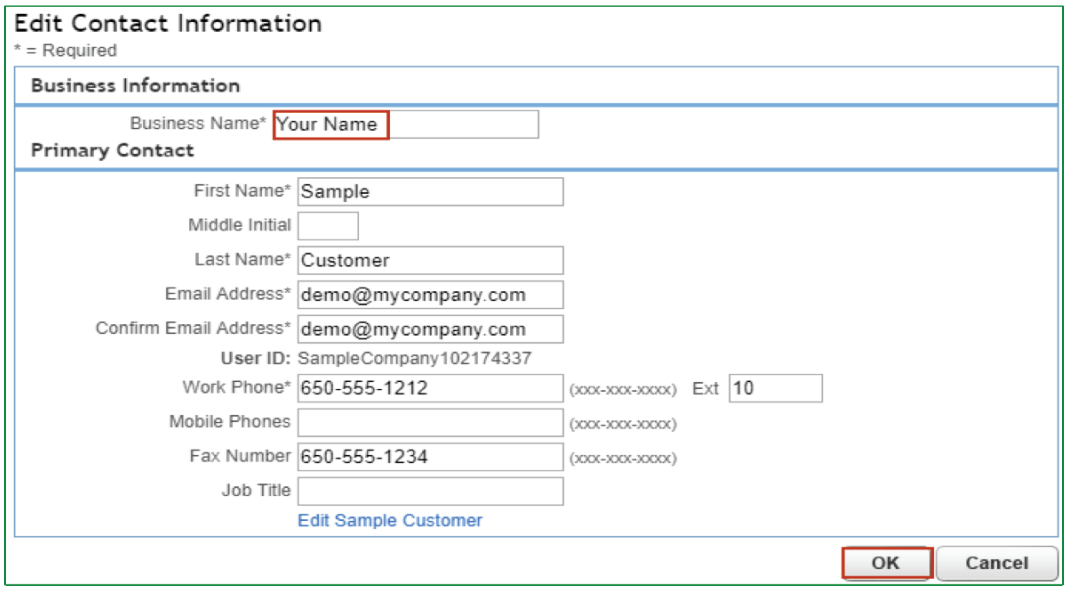
Company and Account

The category for Company and Account includes sections for Business Information and Preferences. Review each of the items within each section and make the changes indicated in the step-by-step directions.

Continue to use the **Test Drive Company** to review the Company and Account category and to customize the payroll settings

Business Information

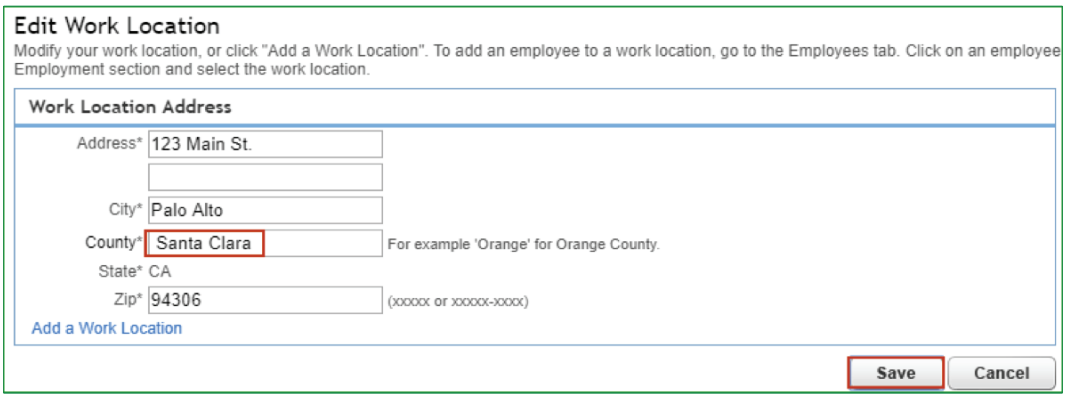
Click **Contact Information** in the Business Information section of the Company and Account category
Change the Business Name to **Your Name** (your real name)



Click **OK**

Click **Work Locations** in the Business Information section of the Company and Account category

Review the material presented, enter **Santa Clara** for the County


Edit Work Location
Modify your work location, or click "Add a Work Location". To add an employee to a work location, go to the Employees tab. Click on an employee
Employment section and select the work location.
Work Location Address
Address* 123 Main St.
City* Palo Alto
County* Santa Clara
For example 'Orange' for Orange County.
State* CA
Zip* 94306
(xxxxx or xxxxx-xxxx)
Add a Work Location
Save
Cancel

Click **Save**

Preferences

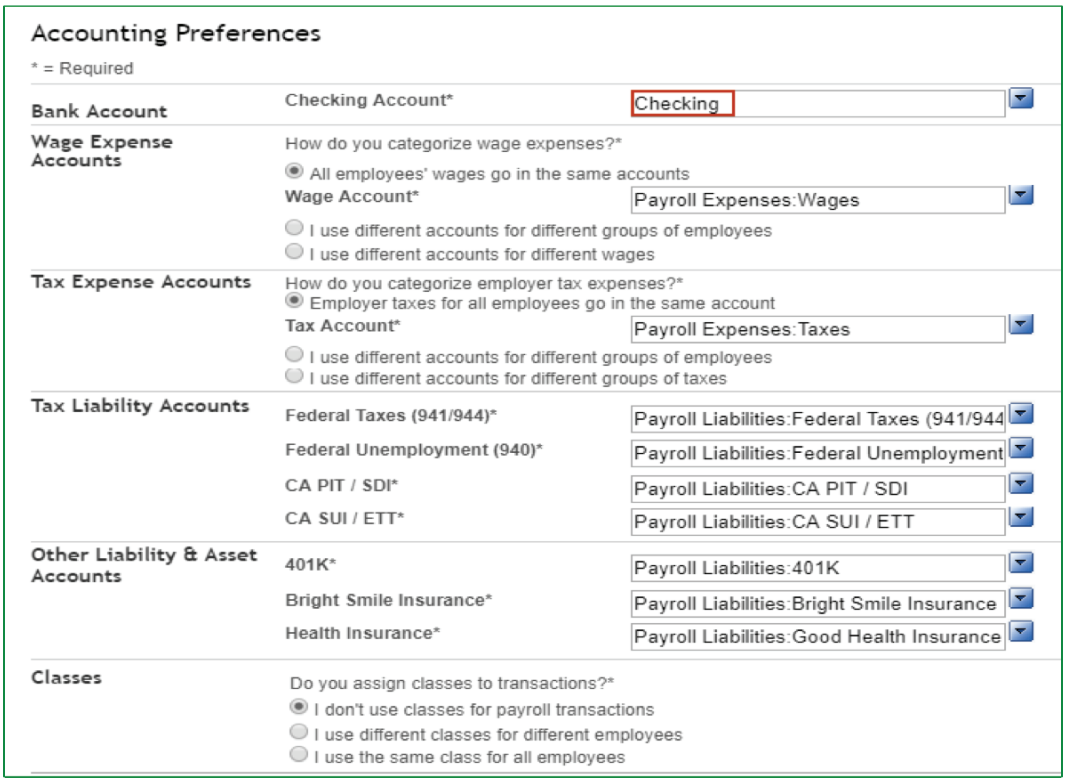
Click **Accounting** in the Preferences section of the Company and Account category

Read the information for Accounting Preferences, then click **Next**

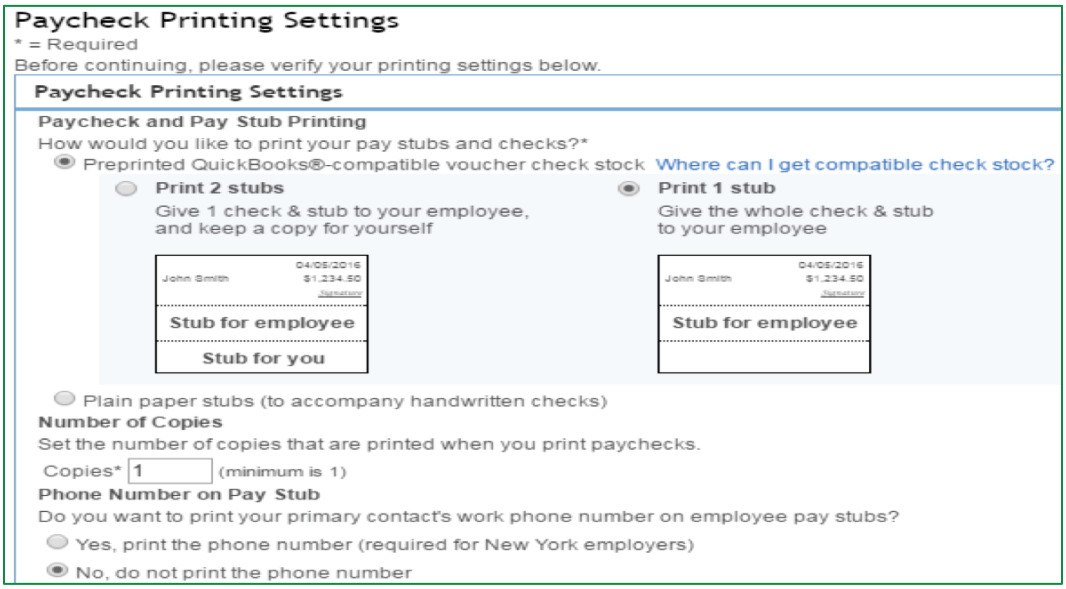
In the area for Bank Account, click the drop-down list arrow, click **Checking – Checking**

- The account name will be Checking.

Review the information presented, especially all the payroll account names


Accounting Preferences
* = Required
Bank Account
Checking Account*
Checking
Wage Expense Accounts
How do you categorize wage expenses?*
All employees' wages go in the same accounts
Wage Account*
Payroll Expenses:Wages
I use different accounts for different groups of employees
I use different accounts for different wages
Tax Expense Accounts
How do you categorize employer tax expenses?*
Employer taxes for all employees go in the same account
Tax Account*
Payroll Expenses:Taxes
I use different accounts for different groups of employees
I use different accounts for different groups of taxes
Tax Liability Accounts
Federal Taxes (941/944)*
Payroll Liabilities:Federal Taxes (941/944
Federal Unemployment (940)*
Payroll Liabilities:Federal Unemployment
CA PIT / SDI*
Payroll Liabilities:CA PIT / SDI
CA SUI / ETT*
Payroll Liabilities:CA SUI / ETT
Other Liability & Asset Accounts
401K*
Payroll Liabilities:401K
Bright Smile Insurance*
Payroll Liabilities:Bright Smile Insurance
Health Insurance*
Payroll Liabilities:Good Health Insurance
Classes
Do you assign classes to transactions?*
I don't use classes for payroll transactions
I use different classes for different employees
I use the same class for all employees

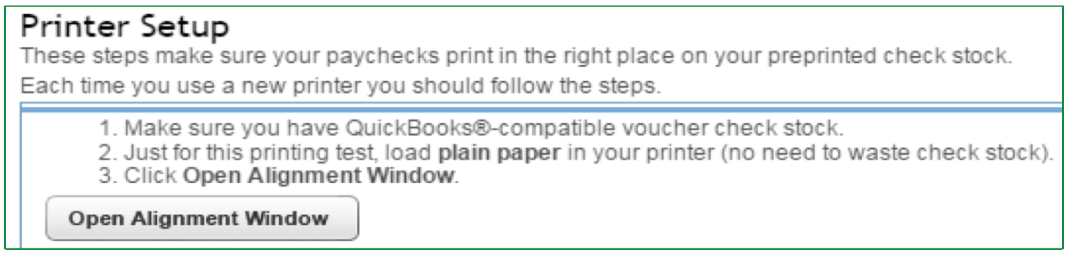
Click the **OK** button for Accounting Preferences
After reviewing the Accounting Preferences Summary screen, click the **OK** button for the screen
Click **Paycheck Printing** in the Preferences section of the Company and Account category
Read the information for printing paychecks and pay stubs


Paycheck Printing Settings
* = Required
Before continuing, please verify your printing settings below.
Paycheck Printing Settings
Paycheck and Pay Stub Printing
How would you like to print your pay stubs and checks?*
Preprinted QuickBooks®-compatible voucher check stock
Where can I get compatible check stock?
Print 2 stubs
Give 1 check & stub to your employee, and keep a copy for yourself
Stub for employee
Stub for you
Print 1 stub
Give the whole check & stub to your employee
Stub for employee
Plain paper stubs (to accompany handwritten checks)
Number of Copies
Set the number of copies that are printed when you print paychecks.
Copies* 1 (minimum is 1)
Phone Number on Pay Stub
Do you want to print your primary contact's work phone number on employee pay stubs?
Yes, print the phone number (required for New York employers)
No, do not print the phone number

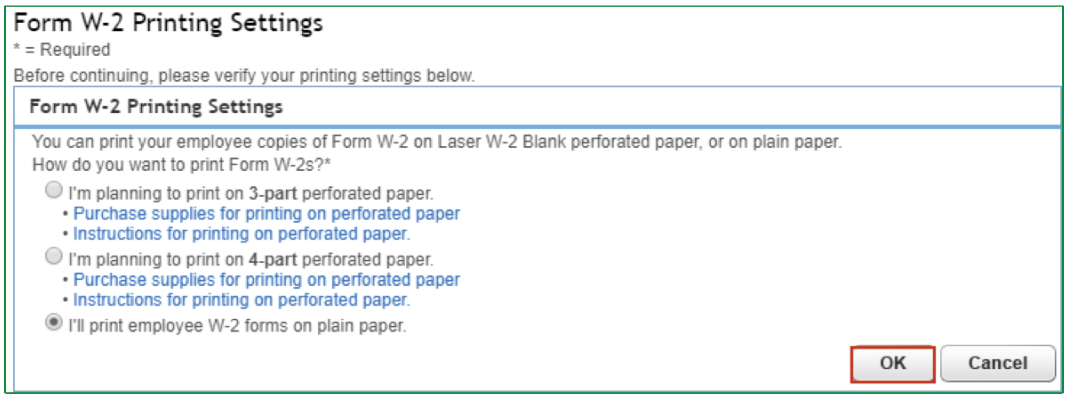
No changes are required, click **OK**
The Printer Setup screen is shown

- This is used to test the Alignment of your Preprinted QuickBooks voucher checks.

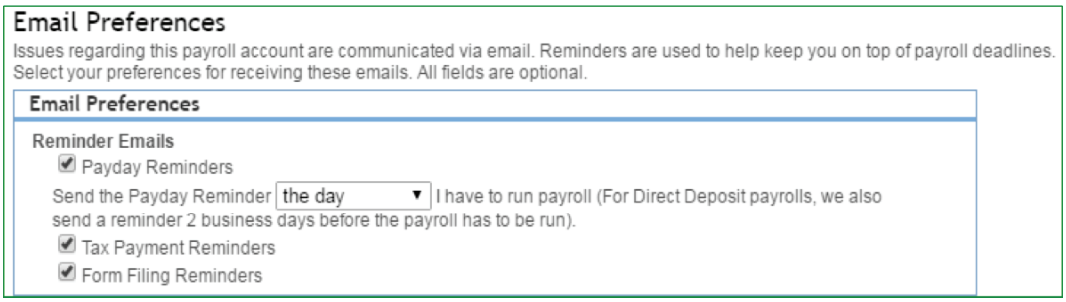
You will not test the alignment for paychecks


Printer Setup
These steps make sure your paychecks print in the right place on your preprinted check stock.
Each time you use a new printer you should follow the steps.
1. Make sure you have QuickBooks®-compatible voucher check stock.
2. Just for this printing test, load plain paper in your printer (no need to waste check stock).
3. Click Open Alignment Window.
Open Alignment Window

Click **OK**
Click **Form Printing** in the Preferences section of the Company and Account category
This screen is used to select the paper to be used when printing W-2 forms


Form W-2 Printing Settings
* = Required
Before continuing, please verify your printing settings below.
Form W-2 Printing Settings
You can print your employee copies of Form W-2 on Laser W-2 Blank perforated paper, or on plain paper.
How do you want to print Form W-2s?*
I'm planning to print on 3-part perforated paper.
Purchase supplies for printing on perforated paper
Instructions for printing on perforated paper.
I'm planning to print on 4-part perforated paper.
Purchase supplies for printing on perforated paper
Instructions for printing on perforated paper.
I'll print employee W-2 forms on plain paper.
OK
Cancel

Since you plan to use plain paper, no changes are required, click **OK**
Click **Emails** in the Preferences section of the Company and Account category
On this screen, you select what type of payroll email reminders you want to receive


Email Preferences
Issues regarding this payroll account are communicated via email. Reminders are used to help keep you on top of payroll deadlines.
Select your preferences for receiving these emails. All fields are optional.
Email Preferences
Reminder Emails
Payday Reminders
Send the Payday Reminder the day I have to run payroll (For Direct Deposit payrolls, we also send a reminder 2 business days before the payroll has to be run).
Tax Payment Reminders
Form Filing Reminders

No changes are required, click **OK**
Click **Reports** in the Preferences section of the Company and Account category
On this screen, you select which employee and employer reports you want to be made available for group reports after creating paychecks

No changes are required, click **OK**

Employees

The category for Employees includes an Overview section. Review each of the items within the section and make the changes indicated in the step-by-step directions.

Continue to use the **Test Drive Company** to review the Employees category and to customize the payroll settings

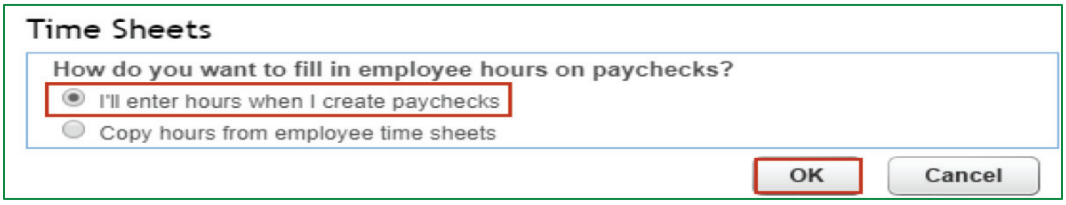
Overview

Click **Employees** in the Overview section of the Employees category
You will be taken to the Employees List for viewing and/or editing

- The Active Employees are shown. To see all employees, you would click the drop-down list arrow next to Active Employees.

EC Catillo, Eloisa $40,000.00/ year Direct deposit Active
BL Lucchini, Bill $60,000.00/ year Direct deposit Active
KS Steblay, Kari $18.00 / hour Check Active

No changes need to be made, click the **Back** arrow next to the URL to return to Setup Overview
Click **Timesheets**
Click **I'll enter hours when I create paychecks**


Time Sheets
How do you want to fill in employee hours on paychecks?
I'll enter hours when I create paychecks
Copy hours from employee time sheets
OK
Cancel

Click **OK**
Close the Test Drive company

ADDITIONAL TRANSACTIONS—DRILL

As with the other chapters, you will enter additional transactions now that you have completed the chapter. In Chapter 9, however, you will continue to use the Test Drive Company to process payroll and all related reports.

DRILL

Open the Test Drive company and enter the Additional Transactions

- If you save a document, use the same naming structure as previously instructed: Document number, your name, business form and number, vendor name, and Ch 9. For example, 29-Your Name Payck J Doe Ch 9

MEMO
DATE: Current Date Edit Payroll Settings in the Setup Overview: Create a Pay Schedule for Every Other Week; Use the schedule as the default for new employees. General Tax Information: Sole Proprietor; Owner: Your Name. Contact Information: Business Name: Your Name. Work Locations: County Santa Clara. Accounting Preferences: Bank account name Checking.
Edit the employee: Bill Lucchini. Pay Section: Enter W-4 Form Information: Change allowances to 1. Change Pay Schedule to Every Other Friday. Profile Section: Mobil Phone 650-555-9512; Gender: Male.
Add a new employee: Elliott Jacobs. Pay Section: W-4 Information: Social Security number: 100-55-2233; Home Address: 3155 Lawson Drive, San Jose, CA 95124; Married, Allowances 2; California State Taxes: Single or Married (with two or more incomes), Allowances 2. Pay Schedule: Every Other Friday; Pay: Hourly, $25 per hour; Additional Pay Types: Overtime Pay. Use Paper Check. Profile: Home Phone: 650-555-4789; Gender: Male; Birth date: 02/02/1985. Employment: Check New Hire report and Form I-9; Hire Date: two weeks before current date.
Run Payroll for Every Other Friday employees. Elliott Jacobs worked 80 regular hours and an additional 8 hours in overtime. Bill Lucchini worked his regular amount. Do not print the paycheck or the pay stub until instructed to do so later in the additional transactions.
Edit the check to Elliott Jacobs. Change his overtime hours to 10.
Print Check 71 for Elliott Jacobs. If saved, name it **7-Your Name Payck E Jacobs Ch 9** Print Pay Stub for Bill Lucchini. If saved, name it **8-Your Name Pay Stub B Lucchini Ch 9**
Pay Payroll Taxes for CA PIT/SDI for the earlier of the two dates shown. (If you see more taxes, do not pay them.) Pay Electronically and use the dates provided by QBO.
Print and/or export Payroll Reports: Payroll Summary for Active Employees in Landscape orientation (If saved, name it **9-Your Name Payroll Sum Ch 9**); Employee Details in Portrait orientation (If saved, name it **10-Your Name Emp Details Ch 9**).

SUMMARY

In this chapter a study of processing payroll, paying taxes, and preparing reports was accomplished by using the Test Drive Company. You practiced paying the payroll, adding new employees, terminating employees, reinstating inactive employees, editing existing employees, editing paychecks, and printing paychecks and pay stubs. In addition, several payroll reports were prepared and include the Payroll Summary, Tax Liability, and Employee Details reports.

Contractors were added and paid using the Contractors section of Payroll. Payroll settings for Payroll and Services, Company and Accounts, and Employees were reviewed and edited. Finally, additional transactions were recorded for reinforcement.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER. (Note: the question numbers do not refer to the chapter objectives.)

_____ 9.01. You may create Payroll Schedules in Payroll Settings.

_____ 9.02. A new employee does not have any vacation or sick pay accrued.

_____ 9.03. A sole proprietor does not use the Company Name as the Tax Filing Name.

_____ 9.04. You activate Payroll by accessing Employees and clicking Turn on Payroll.

_____ 9.05. The payroll plans for QuickBooks Online are updated once a year.

_____ 9.06. An employee may be added at any time.

_____ 9.07. For a direct deposit check, you print a copy of the paycheck.

_____ 9.08. When editing a paycheck, you may change anything shown in a rectangular box.

_____ 9.09. A salaried employee is paid overtime.

_____ 9.10. You must click **Submit payroll** before you can preview and edit any individual paychecks.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

_____ 9.11. When editing an employee, you enter the address in the ___ section.
A. Employment
B. Pay
C. Profile
D. Personal

_____ 9.12. In Payroll Settings the Work Location must include the ___ .
A. Telephone Number
B. Number of Employees
C. County
D. Owner's Home Address

_____ 9.13. What payroll taxes are paid by both the employee and the employer?
A. State Disability
B. Federal Income Tax
C. Medicare
D. All the above

_____ 9.14. The ___ report shows details for each paycheck created and includes total wages, taxes withheld, and deductions.
A. Tax Liability
B. Payroll Summary
C. Employee Details
D. Payroll Billing Summary

_____ 9.15. Information provided for a sole proprietor in the Company General Tax Information preference includes ___.
A. Company Type
B. Filing Name
C. Filing Address
D. All the above

_____ 9.16. An employee's withholding allowances are entered on the ___ form.
A. W-2
B. W-4
C. I-9
D. ED-44

_____ 9.17. The ___ is used to prevent erroneous benefit payments and to enforce child support payments.
A. Form I-9
B. CA PIT/SDI Form
C. New Hire report
D. Employee ID

_____ 9.18. The ___ report gives you complete information regarding salary and wages, tax information, deductions, and vacation/sick leave for each employee.
A. Employee Details
B. Employee Obligations
C. Paycheck List
D. Payroll Details

_____ 9.19. Changes made to an employee's pay rate will be effective ___.
A. For the Next Pay Period
B. Immediately
C. Next Year
D. Next Quarter

_____ 9.20. When you edit the net pay of an employee's paycheck, which of the following sections is not available?
A. Employee deductions
B. Employee withholding allowances
C. Employee taxes
D. All these sections are available when editing net pay

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

9.21. The two Pay Rate categories used in the chapter are _____ and _____.

9.22. To verify employment eligibility status, you prepare _____.

9.23. Payroll Settings have three areas as part of the Setup Overview. They are _____, _____, _____.

9.24. If you pay CA PIT/SDI taxes _____, you do not have to print or submit a coupon.

9.25. You click the Pay Taxes button in the _____ in order to pay taxes.

COMPUTER ASSIGNMENT

REFER TO PRINTOUTS OR USE QUICKBOOKS ONLINE AND YOUR REPORTS FROM THE TEST DRIVE COMPANY TO LOOK UP OR ENTER INFORMATION, AND THEN WRITE THE ANSWERS TO THE FOLLOWING EXERCISES IN THE SPACE PROVIDED

9.26. In Payroll Settings, where did you change the Company Type? _____

9.27. Where can you create a new payroll schedule? _____

_____

9.28. To print or export a payroll report, you click the drop-down list arrow next to the ___ button. _____

9.29. Where do you activate payroll? _____

9.30. Which employees appeared in the Payroll Summary report prepared in the Additional Transactions? _____

_____

9.31. In which section of the Edit Employee screen do you change an employee's status to Terminate? _____

9.32. Which report shows you complete information for salaries and wages, tax information, deductions, and vacation/sick leave for each employee? _____

9.33. What was the Current Total Pay before taxes and deductions for Evan Jordan after working 10 overtime hours? _____

9.34. To get the Net Amount, Total Hours, Taxes Withheld, Total Deductions, Total Pay, Employer Taxes and Contributions, and Total Cost, you prepare the ___ report. _____

9.35. In the Edit Employee screen you record the employee's social security number on the ___ Form in the Pay section. _____

CHAPTER 9 CHECKLIST

The checklist below shows all of the business forms printed during training. Check each one that you printed, exported, and/or submitted.

_____ 1-Payck K Steblay Ch 9	_____ 5-Emp Details Ch 9
_____ 2-Pay Stubs Ch 9	_____ 6-Ck 71 Brosnahan Insurance Ch 9
E Catillo	_____ 7-Payck E Jacobs Ch 9
B Lucchini	_____ 8-Pay Stub B Lucchini Ch 9
_____ 3-Payroll Sum Ch 9	_____ 9-Payroll Sum Ch 9
_____ 4-Tax Liability Ch 9	_____10-Emp Details Ch 9

CREATE A COMPANY USING QUICKBOOKS DESKTOP

The QuickBooks Online Program contains many areas that were not explored in the training chapters of the text. The appendices will present information regarding some of these areas.

In Chapter 1, the steps to apply for and to activate the Educational Trial Version of QuickBooks Online was completed. This also created your company, Your Name's Beach Barkers. In Chapter 2, Your Name's Beach Barkers was modified by purging the standard information, creating an industry-specific chart of accounts, and then importing company data using Excel files. Another method of company creation is to import your company information directly from QuickBooks Desktop. You may do this within the first 60 days of activating your QuickBooks Online account. In order to perform this import, you must have a copy of QuickBooks Desktop. Both the program and the company file must be up to date. If you do not have QuickBooks Desktop, you may download a 30-day trial version of the QuickBooks Desktop Pro one time.

This appendix is included to show you the alternate method of company creation. It is not intended that you complete this in addition to creating a company in Chapter 2. Based on which method your instructor wants you to use to create a company, you will either complete the application and activation of the Educational Version of QuickBooks Online in Chapter 1 and Chapter 2; or you will complete Appendix A and portions of Chapters 1 and 2, not both. You will be directed when to return to the chapters as you work through this appendix.

Prior to completing the application for the Educational Trial Version of QuickBooks Online in Chapter 1, you should complete some preliminary preparation.

The following sections will replace the sections in Chapter 1: Apply for QuickBooks Online Plus Educational Trial Version—Do and Activate QuickBooks Online Plus Educational Trial Version. After the Educational Trial Version is activated, you will return to Chapter 1 and resume with the chapter in the section for Access QuickBooks Online Test Drive--Drill. When you get to Chapter 2, you will complete the beginning part of the chapter. When you get to the section for Purge Company Information—Do in Chapter 2, you will resume training in the appendix with Import Data from QuickBooks Desktop. Please note that the steps and processes used will be different from those shown for program activation in Chapter 1 and company creation in Chapter 2.

Steps to import your file from QuickBooks Desktop will be shown in the same manner as in the chapters with the exception that the Do button will not be used and there are no practice drills.

Since the text is written using the company that was created by importing data from Excel spreadsheets in Chapter 2, there will be some differences in the information that you see after a QuickBooks Desktop import. These items will be addressed within this appendix.

After reading the **QuickBooks Online Plus Educational Trial Version—Read**, section, you will switch from Chapter 1 to Appendix A.

Begin working in Appendix A here:

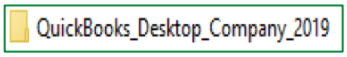
DOWNLOAD QUICKBOOKS DESKTOP FILE FOR COMPANY IMPORT

When you create a company, you may enter data manually or you may import it. In Chapter 2, a company will be created by importing Excel spreadsheet files. In this appendix, a company will be created by importing a QuickBooks Desktop company file.

The QuickBooks Desktop file for Your Name's Beach Barkers is available on the Pearson Web site http://www.pearsonhighered.com/horne/. (Remember, it is HORNE)

To download QuickBooks Desktop File for import, insert your USB drive into your computer or ask your professor for specific directions to be used at your school

Create a folder on your USB drive named **QuickBooks_Desktop_Company_2019** following the procedures given in Chapter 2

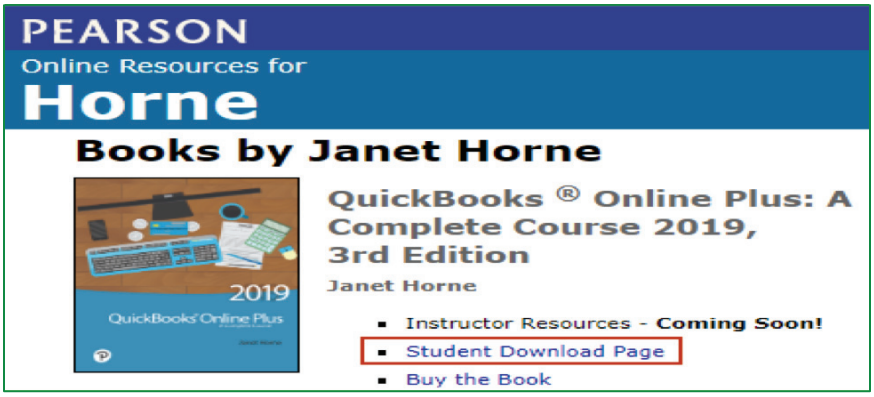


Double-click the folder to open it

Open your Web browser

Enter the address http://www.pearsonhighered.com/horne/

- When completing the following steps, be sure to use the material posted for the QuickBooks Online Plus 2019 text.
- Check with your instructor to determine if you will use a different procedure.
- **IMPORTANT**: Depending on your operating system and the Web browser you use, your screens may be different from the examples shown. If so, complete the download using the prompts from your program. Ask your instructor for assistance if necessary. Google Chrome is used for the file download.



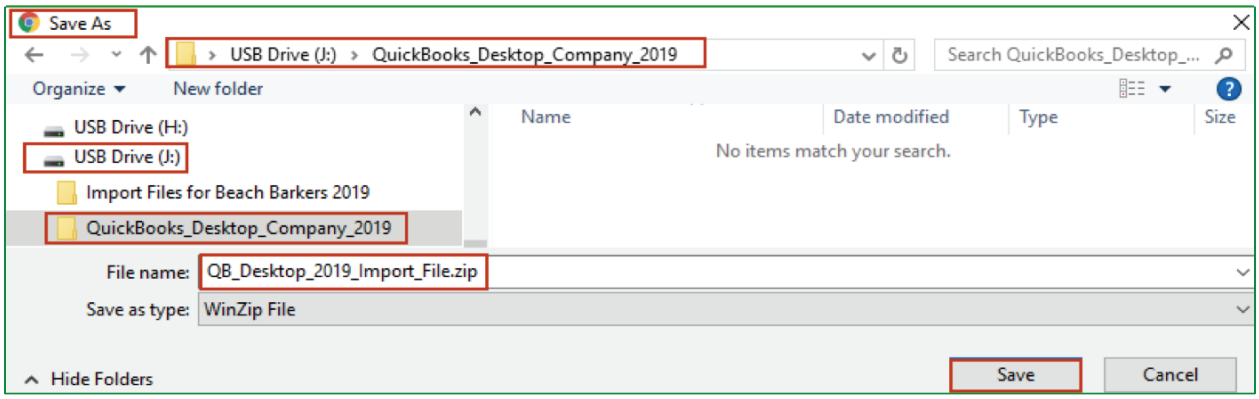
Click **Student Download Page**

- You will see a section for QuickBooks Desktop Import Files.

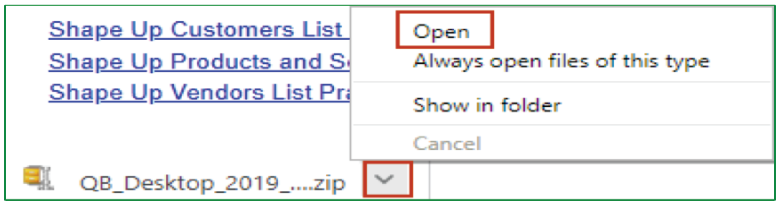
Click **Desktop Import File**

- You will get a Save As screen, which should show that you are in the QuickBooks Desktop Company 2019 folder.
- If not, scroll through the list of storage locations on the left side of the Save As window.
- If the folders on your USB drive are not shown, point to the USB drive, a small expand icon will appear next to the USB name, click to expand. (Do not click the actual name of the USB drive.)

Click the **Save button**

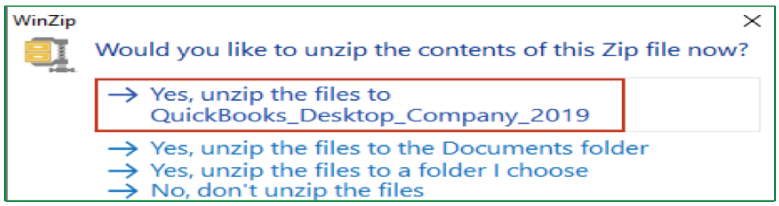


Google will show the document name on a tab at the bottom of Chrome
Click the drop-down list arrow next to the file name at the bottom of the list, click **Open**



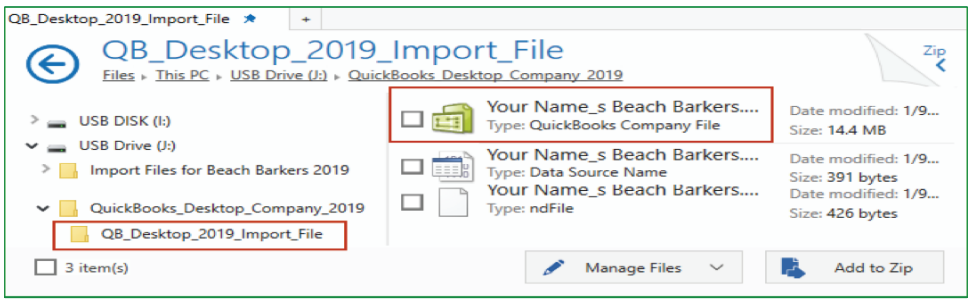
The company file has been condensed into a .zip file, which must be extracted
Click **Yes, unzip the files to QuickBooks_Desktop_Company_2019**

- If your procedures to unzip a file differ from the following, ask your instructor for guidance.

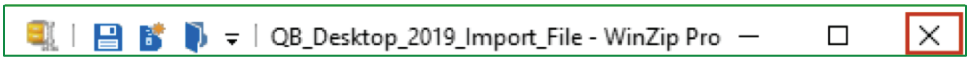

WinZip
Would you like to unzip the contents of this Zip file now?
Yes, unzip the files to QuickBooks_Desktop_Company_2019
Yes, unzip the files to the Documents folder
Yes, unzip the files to a folder I choose
No, don't unzip the files

You will see a new subfolder, double-click the subfolder named **QB_Desktop_2019_Import_File** to open it

- You will see your company file, which is ready for use.



Click **Close** on the USB drive screen



A

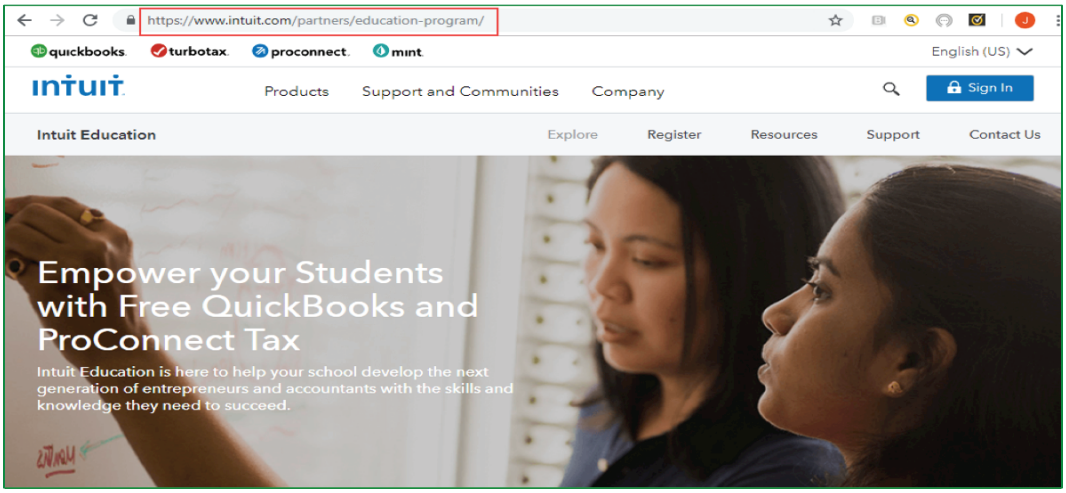
APPLY FOR QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—DO

Once you have an email account that you will use as your Intuit ID, you will need to set up your QuickBooks account and activate your QuickBooks Online Plus Educational Trial Version. It may take up to three business days for Intuit to grant you access to the Educational Trial Version of QuickBooks Online Plus. Because of this, you will apply to, activate the program, and complete preliminary information to create a company in Chapter 1. You will finish the company creation in Chapter 2. However, this appendix replaces those portions of Chapters 1 and 2.

Apply for QuickBooks Online Plus Educational Trial Version

Enter **www.intuit.com/partners/education-program** in the URL of your Web browser
Press **Enter**

- You will see the screen describing the Intuit Education Program.
- Please note that QuickBooks Online frequently changes the screens and procedures shown for the registration process. If your screens are not an exact match to the text, do not worry. Simply provide the information requested at the time you complete your application.



Scroll through the screen and read about How it works, Features & Benefits, and about the software offered in the Intuit Education Program
When you get to the section **Choose your Intuit software**, click **QuickBooks**
Click the **Students** button

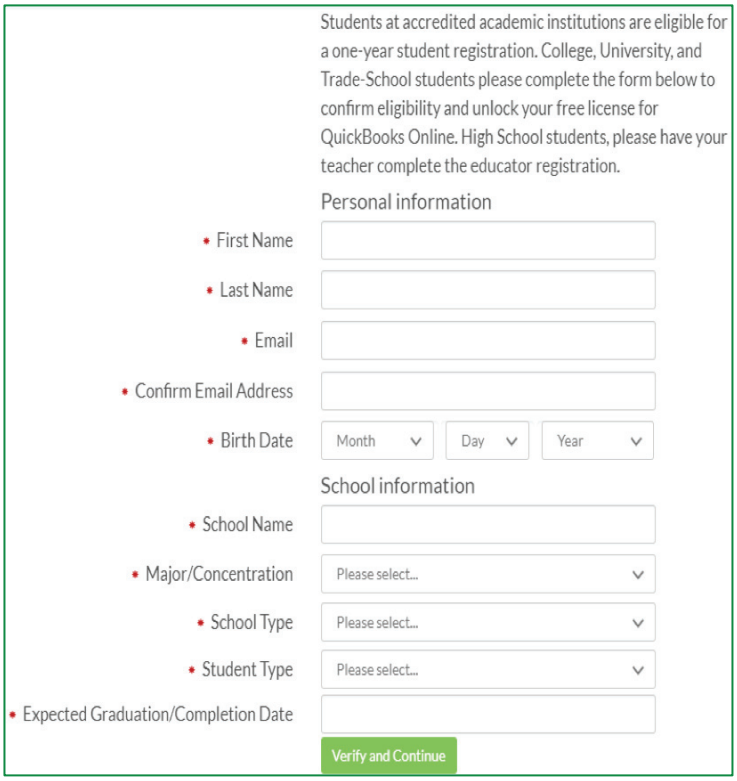
Choose your Intuit software
QuickBooks
ProConnect Tax Online
QuickBooks Online
Prepare students to join the more than 2 million small businesses using QuickBooks, or start their own by learning QuickBooks for free.
Register for free
Educators
Students

Provide the information requested to complete the Program Registration for Students form

Personal information
Enter your actual **First Name**
Enter your actual **Last Name**
Enter your **Email Address**

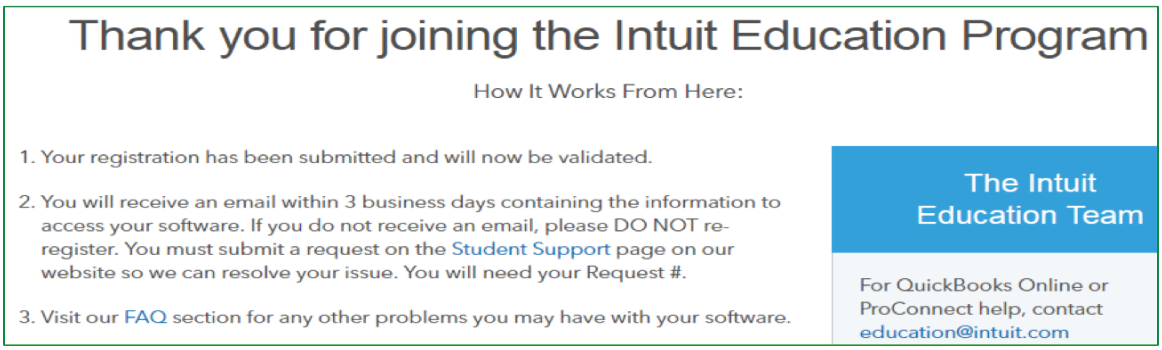
- Use the Gmail address you created or use a school email address if you have one.

Confirm your **Email Address**
To complete your **Birth Date** information, click the drop-down list arrows and select the Month Day and Year for your birthday
School information
Enter the **School Name**
Click the drop-down list arrow and select your **Major/Concentration**
Click the drop-down list arrow and select your **School Type**
Click the drop-down list arrow and select your **Student Type**
Enter your **Expected Graduation/ Completion Date**
Click the **Verify and Continue** button


Students at accredited academic institutions are eligible for a one-year student registration. College, University, and Trade-School students please complete the form below to confirm eligibility and unlock your free license for QuickBooks Online. High School students, please have your teacher complete the educator registration.
Personal information
First Name
Last Name
Email
Confirm Email Address
Birth Date
Month
Day
Year
School information
School Name
Major/Concentration
Please select...
School Type
Please select...
Student Type
Please select...
Expected Graduation/Completion Date
Verify and Continue

You will see the following or a similar screen

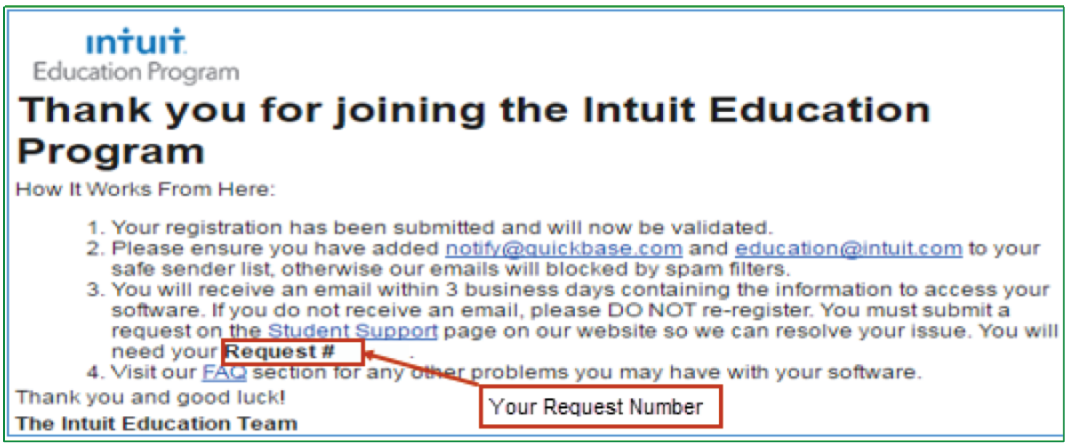
- Remember, screens and procedures change frequently. If your screens or emails do not match the text, simply follow the screens shown by Intuit Education.


Thank you for joining the Intuit Education Program
How It Works From Here:
1. Your registration has been submitted and will now be validated.
2. You will receive an email within 3 business days containing the information to access your software. If you do not receive an email, please DO NOT re-register. You must submit a request on the Student Support page on our website so we can resolve your issue. You will need your Request #.
3. Visit our FAQ section for any other problems you may have with your software.
The Intuit Education Team
For QuickBooks Online or ProConnect help, contact education@intuit.com

Check your Email account

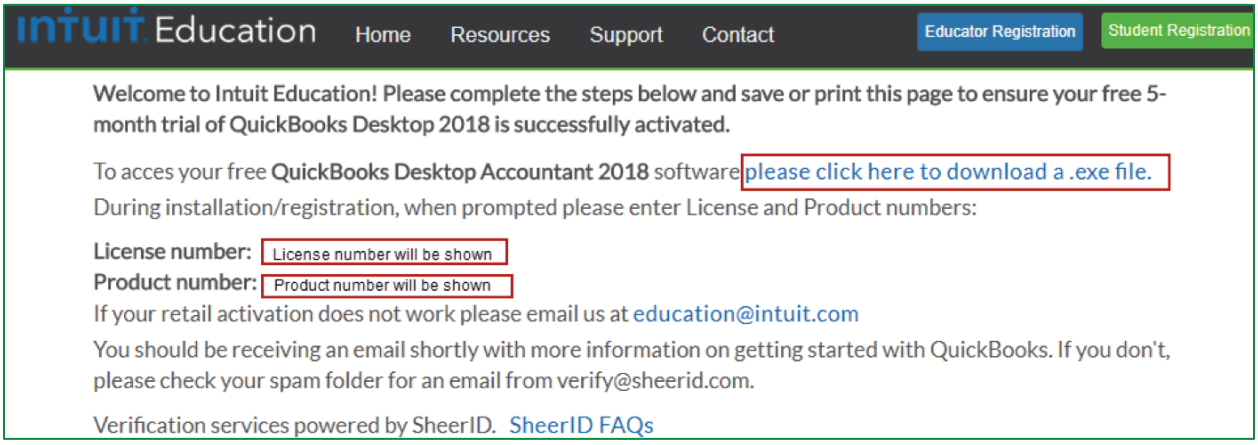
- You should receive an email like the following one.
- It is regarding your submission. It will contain a Request number that you may use if you do not receive your License and Program numbers within three days.

A


intuit
Education Program
Thank you for joining the Intuit Education Program
How It Works From Here:
1. Your registration has been submitted and will now be validated.
2. Please ensure you have added notify@quickbase.com and education@intuit.com to your safe sender list, otherwise our emails will blocked by spam filters.
3. You will receive an email within 3 business days containing the information to access your software. If you do not receive an email, please DO NOT re-register. You must submit a request on the Student Support page on our website so we can resolve your issue. You will need your Request #
4. Visit our FAQ section for any other problems you may have with your software.
Thank you and good luck!
The Intuit Education Team
Your Request Number

If the verification is successful, you will see the following or a similar screen:

- You will also receive a confirmation email that contains the same information as shown on the screen below.


intuit Education
Home
Resources
Support
Contact
Educator Registration
Student Registration
Welcome to Intuit Education! Please complete the steps below and save or print this page to ensure your free 5-month trial of QuickBooks Desktop 2018 is successfully activated.
To acces your free QuickBooks Desktop Accountant 2018 software please click here to download a .exe file.
During installation/registration, when prompted please enter License and Product numbers:
License number: License number will be shown
Product number: Product number will be shown
If your retail activation does not work please email us at education@intuit.com
You should be receiving an email shortly with more information on getting started with QuickBooks. If you don't, please check your spam folder for an email from verify@sheerid.com.
Verification services powered by SheerID. SheerID FAQs

Write down your License number and Product number

- They are required when you install and register the program.
- The steps for downloading, installing, and registering the software are provided as you work through the appendix. Do not install or register without following the step-by-step instructions provided.

ACTIVATE QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—READ

You should complete the following section all at once. Do not begin the section for Activate QuickBooks Online Plus Educational Trial Version unless you have enough time to complete it.

ACTIVATE QUICKBOOKS ONLINE PLUS EDUCATIONAL TRIAL VERSION—DO

Normally, you will receive an instant verification of your student application to use the Educational Trial Version of QuickBooks Online. However, it can take up to three business days for Intuit to grant you access to the Educational Trial Version of QuickBooks Online Plus. Now that you have applied for the program, when you receive your approval, you will finish the program activation. If you did not receive your approval instantly, return to Chapter 1 and continue training in the **Access**

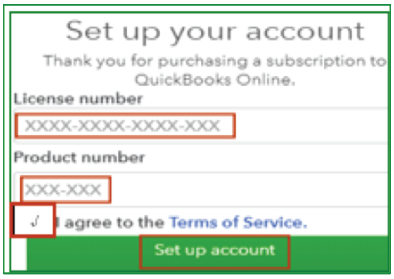
QuickBooks Online Test Drive—Drill section. As soon as you receive your approval, return to this section immediately and complete your program activation.

Once you receive an email verifying your subscription to the Educational Trial Version, you will be able to activate your account. In the email you received, you will have a Download Link, License number, and Product number that you will use to activate your QuickBooks Online Plus Educational Trial Version. Once the program is activated you can use the software for one year. You may import company data to create a company for the first 60 days after activation. When the trial period is over, you will be able to see your data for a period of time; but will not be able to access it unless you pay for a monthly subscription to QuickBooks Online Plus.

Activate QuickBooks Online Plus Educational Trial Version

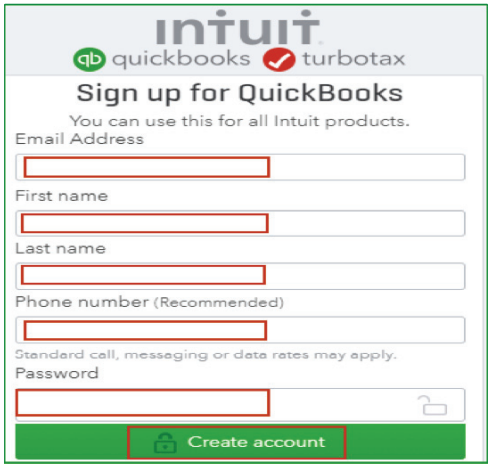
As mentioned, once your application has been accepted, you will get an instant verification that contains the information you need to activate your Educational Trial Version:

- If you need assistance with QuickBooks Online, you may click the Student Support Page to view the FAQs (Frequently Asked Questions). To get help or online support go to one of the following links:
  Tutorials: **https://quickbooks.intuit.com/tutorials**
  Help Community: **https://quickbooks.intuit.com/community/Help-articles/ct-p/help-aritcles-us?label=QuickBooks%20Online**
- If that does not provide the solution you need, you may email **education@intuit.com** for support.



Click the **Download Link** shown in your approval email
Enter the **License number** provided in the email
Enter the **Product number** provided in the email
Click **I agree to the Terms of Service.**
Click **Set Up Account**
Complete the Sign Up for QuickBooks form:
Enter the **Email Address** you are using for your course

- Use your school email address. If you do not have a school email, use the Gmail account you created earlier in the chapter.



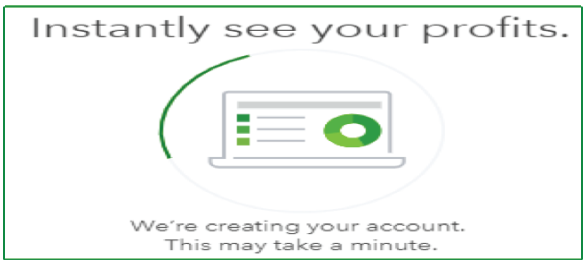
Enter your actual **First name**
Enter your actual **Last name**
Enter your **Phone number** (Recommended)

- If you provide your mobile phone number, Intuit will contact you via your phone if you change devices, change your browser, have issues with logging in to your account, or any other access problems. If not, Intuit will email you.

Enter the **Password** you will use to access your account

- You will see the requirements for a strong password. As you meet a requirement, it will be shown in green.

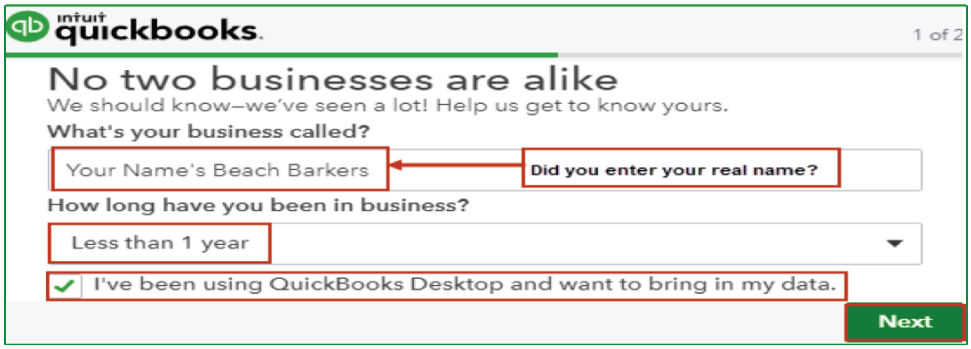
Enter the **Password** again in Confirm Password (not shown)
Click **Create Account**
The Creating your QuickBooks account screen is shown



Next you will complete information on two screens to perform the following steps:
Key in the company name **Your Name's Beach Barkers**

- **Use your real name**. For example, the author's business name would be: Janet Horne's Beach Barkers.

Click the drop-down list arrow for How long have you been in business?, click **Less than 1 year** to select
Click the check box to mark **I've been using QuickBooks Desktop and want to bring in my data.**


quickbooks
1 of 2
No two businesses are alike
We should know—we've seen a lot! Help us get to know yours.
What's your business called?
Your Name's Beach Barkers
Did you enter your real name?
How long have you been in business?
Less than 1 year
I've been using QuickBooks Desktop and want to bring in my data.
Next

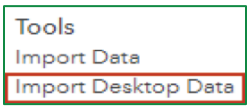
Click **Next**
Click the **Gear** icon, then click **Sign out**

Return to Chapter 1 and continue training in the **Access QuickBooks Online Test Drive—Drill** section
When you get to Chapter 2, you will complete the beginning part of the chapter. When you get to the section for Purge Company Information—Do in Chapter 2, you will resume training in the appendix with **Import Data from QuickBooks Desktop**.

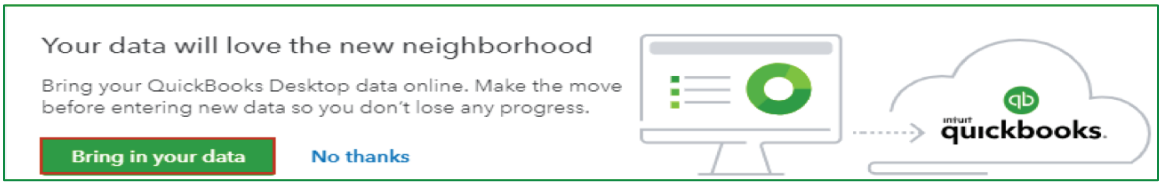
Begin working in Appendix A here:

IMPORT DATA FROM QUICKBOOKS DESKTOP

Now that you have activated the Educational Trial Version of QuickBooks Online Plus and downloaded your QuickBooks Desktop Company File, you may import your desktop data. Most of the import process takes place in QuickBooks Desktop; however, QuickBooks Online provides information regarding the import procedures and other pertinent information.



Click the **Gear** icon, click **Import Desktop Data** on the Tools menu
As an alternate access, click **Bring in your data** on your Home Page

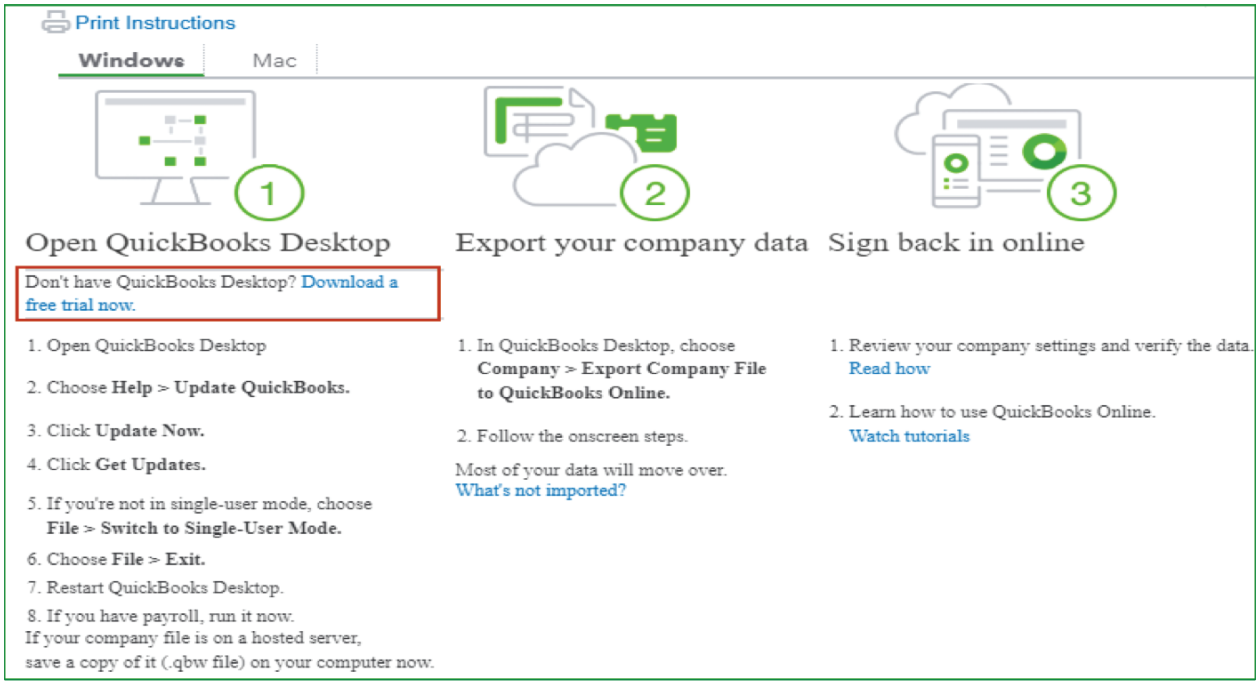

Your data will love the new neighborhood
Bring your QuickBooks Desktop data online. Make the move before entering new data so you don't lose any progress.
Bring in your data
No thanks
intuit quickbooks

Using either method, you will see the Import your desktop data screen

Download QuickBooks Desktop Free Trial—Optional

If you have access to QuickBooks Desktop 2019, you will not need to complete this section. Skip ahead to the Open and Update QuickBooks Desktop section and resume training.
If you do not have QuickBooks Desktop, complete the following steps:
On the Import QuickBooks Desktop Data screen, click **Download a free trial now**

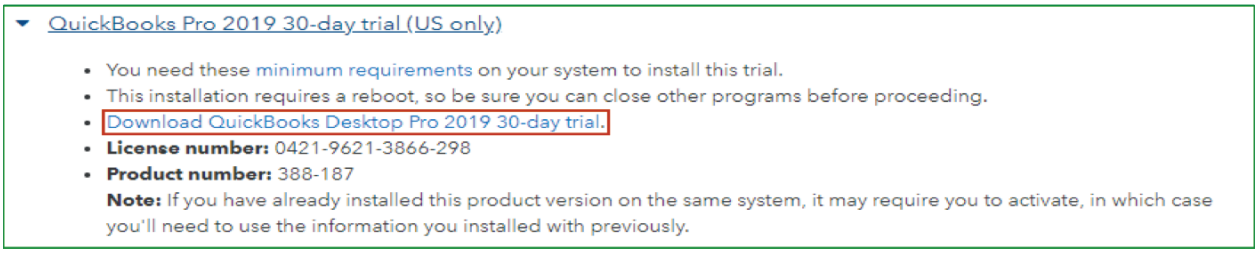
- Remember, if your screens are different from the ones shown, follow the prompts on the Intuit screens.


Print Instructions
Windows
Mac
1
2
3
Open QuickBooks Desktop
Export your company data
Sign back in online
Don't have QuickBooks Desktop? Download a free trial now.
1. Open QuickBooks Desktop
2. Choose Help > Update QuickBooks.
3. Click Update Now.
4. Click Get Updates.
5. If you're not in single-user mode, choose File > Switch to Single-User Mode.
6. Choose File > Exit.
7. Restart QuickBooks Desktop.
8. If you have payroll, run it now.
If your company file is on a hosted server, save a copy of it (.qbw file) on your computer now.
1. In QuickBooks Desktop, choose Company > Export Company File to QuickBooks Online.
2. Follow the onscreen steps.
Most of your data will move over.
What's not imported?
1. Review your company settings and verify the data.
Read how
2. Learn how to use QuickBooks Online.
Watch tutorials

In the section for QuickBooks Desktop trials for the United States (US), click **QuickBooks Pro 2019 30-day trial (US only)** You will see the following information that will be used to obtain the 30-day trial

Close any open programs including QuickBooks Online Plus

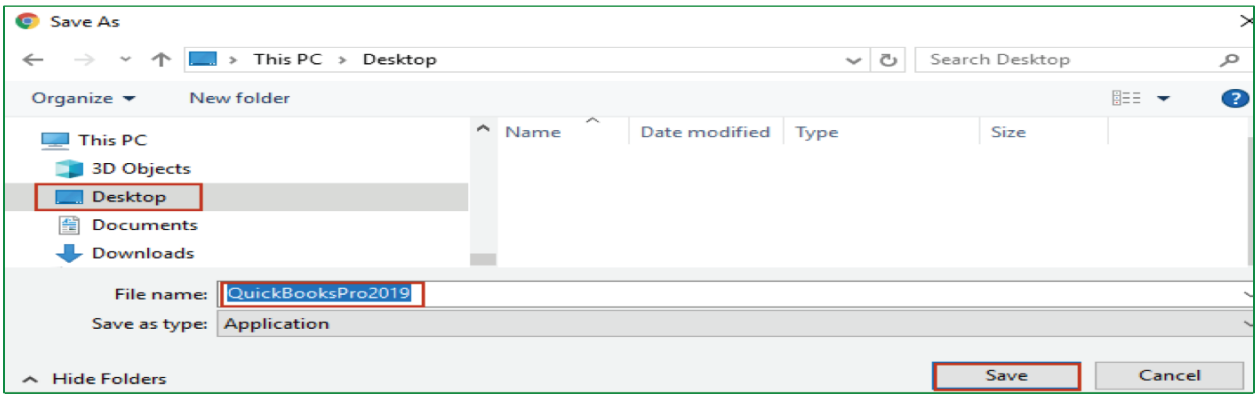
- Note: The text focuses on PC users.


QuickBooks Pro 2019 30-day trial (US only)
You need these minimum requirements on your system to install this trial.
This installation requires a reboot, so be sure you can close other programs before proceeding.
Download QuickBooks Desktop Pro 2019 30-day trial.
License number: 0421-9621-3866-298
Product number: 388-187
Note: If you have already installed this product version on the same system, it may require you to activate, in which case you'll need to use the information you installed with previously.

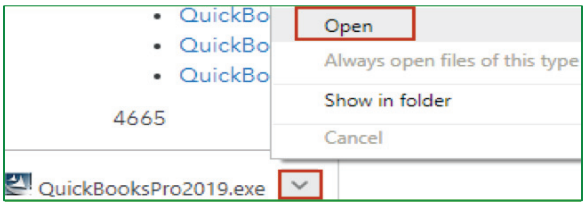
A

Read the information regarding minimum requirements, and write down or print the License and Product numbers
Click **Download QuickBooks Desktop Pro 2019 30-day trial.**
On the **Save As** screen, click **Desktop**, then click the **Save button**

- Check with your instructor and/or refer to your own computer's setup to determine where to save the installation files.



Once the download is complete, click the drop-down arrow on **QuickBooksPro2019.exe**, and then click **Open**

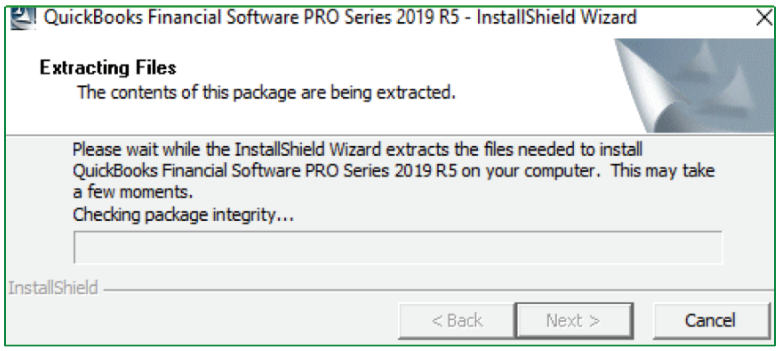


Click **Yes** on the screen to allow QuickBooks Pro to make changes to your computer
Click **Next** on the InstallShield Wizard

QuickBooks Financial Software PRO Series 2019 R5 - InstallShield Wizard
Welcome to the InstallShield Wizard for QuickBooks Financial Software PRO Series 2019 R5
The InstallShield Wizard(TM) will help install QuickBooks Financial Software PRO Series 2019 R5 on your computer. To continue, click Next.
< Back
Next >
Cancel

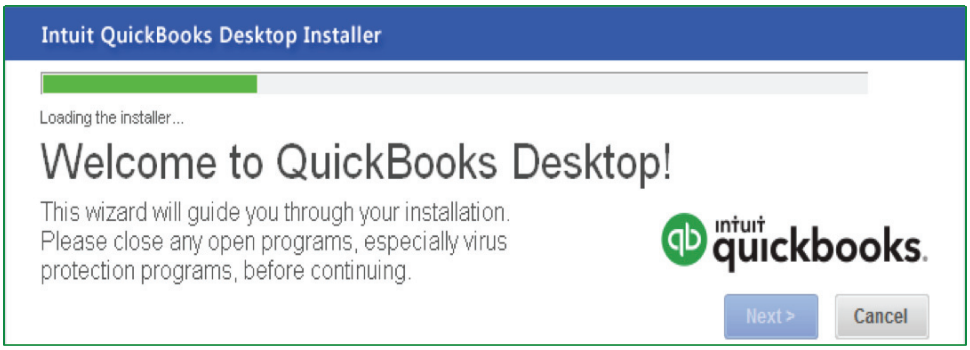
Click **Next** on the screen to Extract Files

- You will see a progress bar and can follow the installation progress by watching it.


QuickBooks Financial Software PRO Series 2019 R5 - InstallShield Wizard
Extracting Files
The contents of this package are being extracted.
Please wait while the InstallShield Wizard extracts the files needed to install QuickBooks Financial Software PRO Series 2019 R5 on your computer. This may take a few moments.
Checking package integrity...
InstallShield
< Back
Next >
Cancel

You will get a screen for QuickBooks Desktop Installer, click **Next**

- You will see a progress bar and can follow the installation progress by watching it.


Intuit QuickBooks Desktop Installer
Loading the installer...
Welcome to QuickBooks Desktop!
This wizard will guide you through your installation.
Please close any open programs, especially virus protection programs, before continuing.
intuit quickbooks
Next >
Cancel

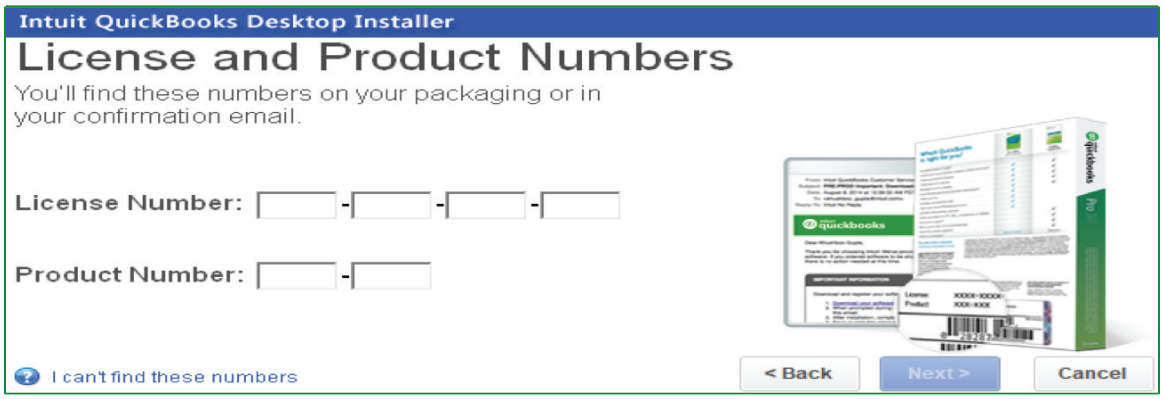
Scroll through and read the License Agreement, when finished click the check box for **I accept the terms of the license agreement**

Click **Next**

Intuit QuickBooks Desktop Installer
License Agreement
Please read the following license agreement carefully.
Print
INTUIT SOFTWARE END USER LICENSE AGREEMENT (US)
Thank you for selecting the Software offered by Intuit Inc. and/or its subsidiaries and affiliates (referred to as "Intuit," "we," "our," or "us"). Review these license terms ("Agreement") thoroughly. This Agreement is a legal agreement between you and Intuit. By clicking "I Agree," indicating acceptance electronically, or by installing, accessing or using the Software, you agree to these terms. If you do not agree to this Agreement, then you may not use the Software.
Section A
GENERAL TERMS
I accept the terms of the license agreement
< Back
Next >
Cancel

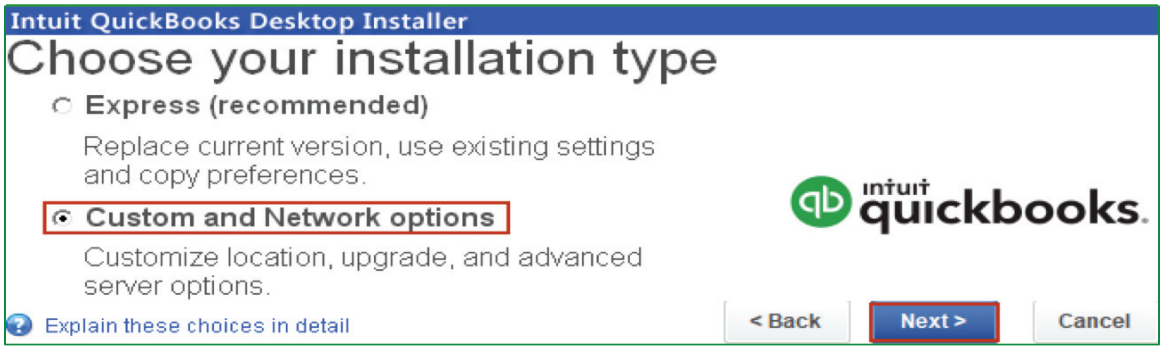
Enter the License Number and Product Number you wrote down earlier (The screenshot does not show the numbers.)

A

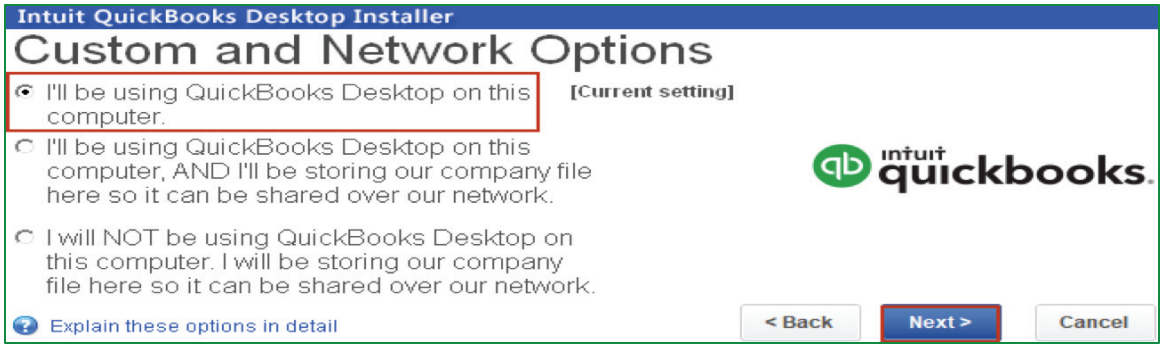

Intuit QuickBooks Desktop Installer
License and Product Numbers
You'll find these numbers on your packaging or in your confirmation email.
License Number:
Product Number:
I can't find these numbers
< Back
Next >
Cancel

Once the License and Product Numbers have been entered, click **Next**

Click the radio button for **Custom and Network Options** on the screen for Choose Your Installation Type, click **Next**


Intuit QuickBooks Desktop Installer
Choose your installation type
Express (recommended)
Replace current version, use existing settings and copy preferences.
Custom and Network options
Customize location, upgrade, and advanced server options.
intuit quickbooks
Explain these choices in detail
< Back
Next >
Cancel

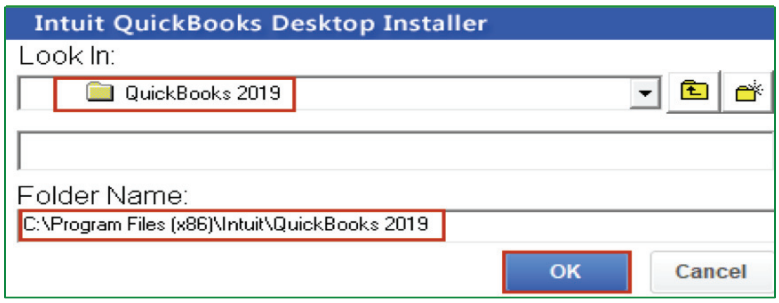
Click the radio button **I'll be using QuickBooks Desktop on this computer**, and then click **Next**


Intuit QuickBooks Desktop Installer
Custom and Network Options
I'll be using QuickBooks Desktop on this computer.
[Current setting]
I'll be using QuickBooks Desktop on this computer, AND I'll be storing our company file here so it can be shared over our network.
I will NOT be using QuickBooks Desktop on this computer. I will be storing our company file here so it can be shared over our network.
intuit quickbooks
Explain these options in detail
< Back
Next >
Cancel

Enter the storage location you want to use for QuickBooks 2019 or use the one provided by QuickBooks

- If you are trying to download this at school, make sure that you check with your instructor for the storage location before you complete this step.

Click **Next**

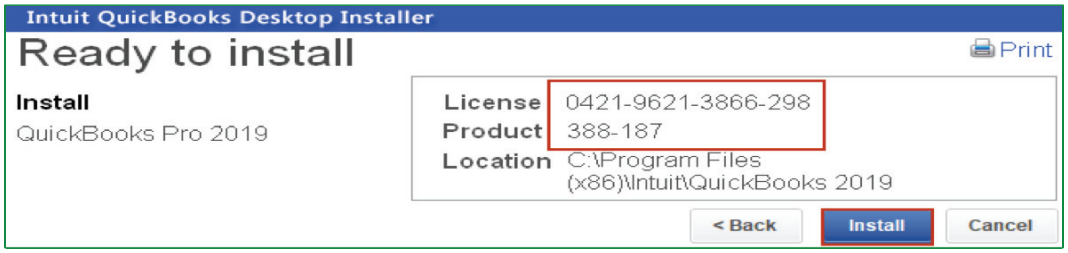


Verify your License and Product Numbers and your storage location

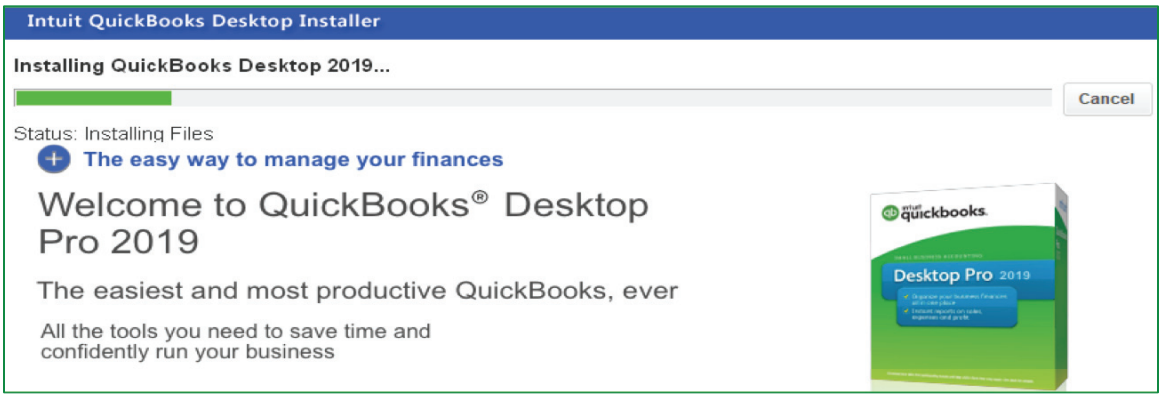
- The numbers shown in the following screen shot may not be the ones provided to you on the Intuit Download page. If the numbers do not match, use the ones you are given.

If you wish to print this information, click the **Printer** icon

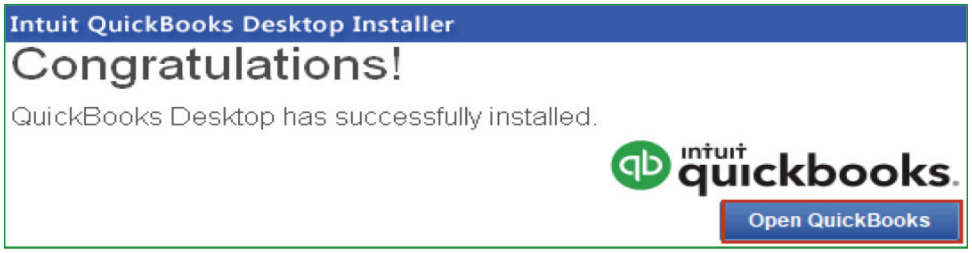
Click **Install**



- As the program is being installed, you will see a variety of screens with information about QuickBooks. You may follow the installation progress by looking at the progress bar. This can take a lot of time and you may not see much movement on the progress bar. Don't worry, just be patient.


Intuit QuickBooks Desktop Installer
Installing QuickBooks Desktop 2019...
Cancel
Status: Installing Files
The easy way to manage your finances
Welcome to QuickBooks® Desktop Pro 2019
The easiest and most productive QuickBooks, ever
All the tools you need to save time and confidently run your business
quickbooks
Desktop Pro 2019

Click the **Open QuickBooks** button when installation is complete



A

Open and Update QuickBooks Desktop

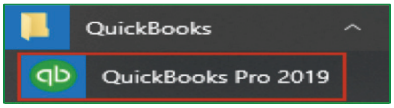
- If you have QuickBooks Desktop software and did not have to download a trial version, this is where you resume training.

If you have not already done so, close QuickBooks Online prior to beginning work in QuickBooks Desktop
Click the **Gear** icon, click **Sign out**
If QuickBooks Desktop is not open, do the following:
Double-click the **QuickBooks Pro 2019** icon on your desk top

OR
Click the **Start** button in the lower-left of the desktop
Point to **All Programs** and scroll through the list of programs and program folders
Click the **QuickBooks** folder

- You may have to scroll down to see all the folders on your computer.

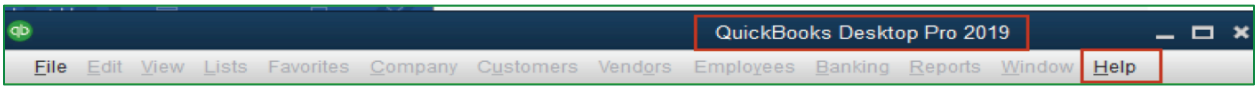
Click **QuickBooks Pro 2019**



As QuickBooks Desktop opens, you will get a screen that says Opening QuickBooks Desktop

- When opening QuickBooks Desktop, you may get a Warning screen showing you how many days you have left to use the Trial Version of QuickBooks Desktop Pro 2019.

If you get a screen for How QuickBooks Desktop uses your Internet connections, click **OK**
When QuickBooks Desktop is open the program name and year will be on the Title bar. For 2019 you will see:


QuickBooks Desktop Pro 2019
File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help

Click **Help** on the Menu bar
Click **Update QuickBooks Desktop…** on the Help menu

Click the **Update Now** button

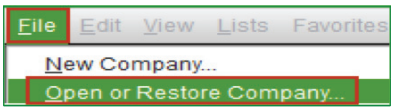
Click the **Get Updates** button

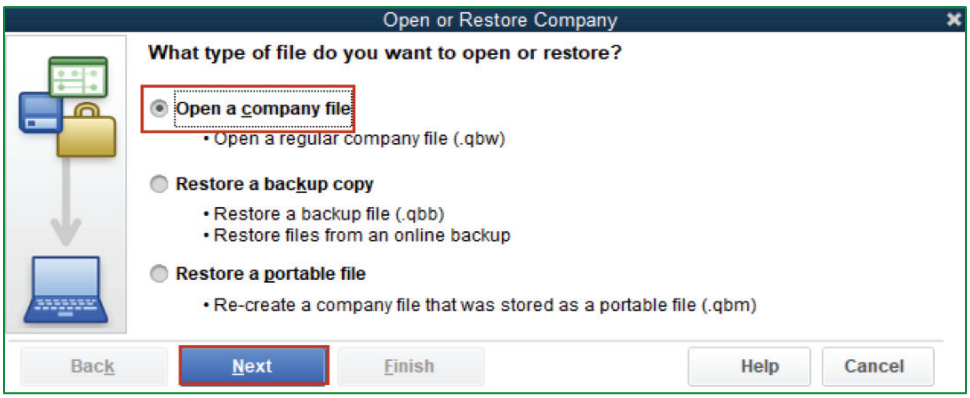
When the updates have finished, click the **Close** button

- At the time of this writing, the screens are correct; however, remember that QuickBooks Desktop is periodically updated. If your screens are not an exact match to the following, do not be concerned. Read the information and perform the steps as they are listed on your screen.
- As a note, it is important to know that there is data that is not imported from QuickBooks Desktop. At the time of this writing, this includes: Reconciliation reports, Recurring credit card charges, Reports, Audit Trail, and, any non-posting transactions except for estimates and purchase orders. If using a Mac, Inventory is not imported. Information from QuickBooks Desktop features not yet available in QuickBooks Online cannot be imported.
- Also note that importing a company file from QuickBooks Desktop erases all information in your QuickBooks Online Company. It does not merge the two files together.

Open and Export Your Name's Beach Barkers

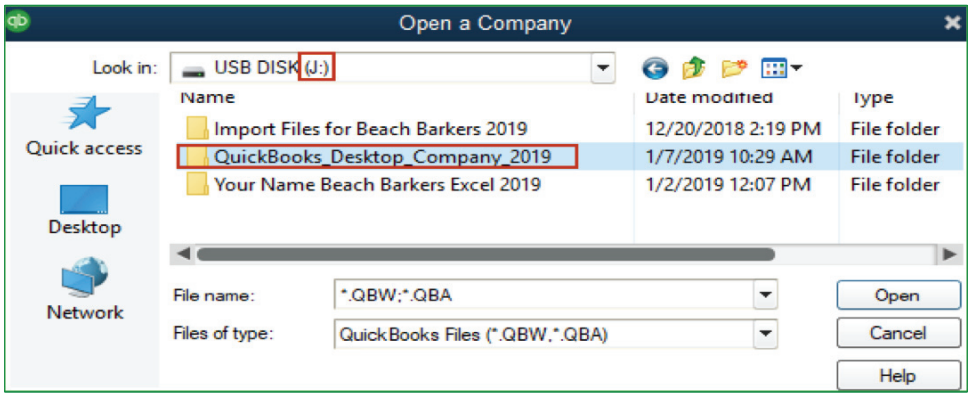
Click **File** on the Menu bar
Click **Open or Restore Company…**
Select **Open a company file** and then click **Next**




Open or Restore Company
What type of file do you want to open or restore?
Open a company file
• Open a regular company file (.qbw)
Restore a backup copy
• Restore a backup file (.qbb)
• Restore files from an online backup
Restore a portable file
• Re-create a company file that was stored as a portable file (.qbm)
Back
Next
Finish
Help
Cancel

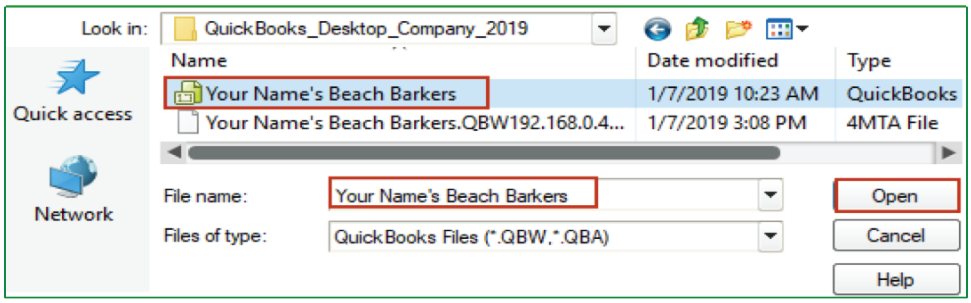
Click the drop-down list arrow for Look in:
Click your USB drive

- The text uses (J:).



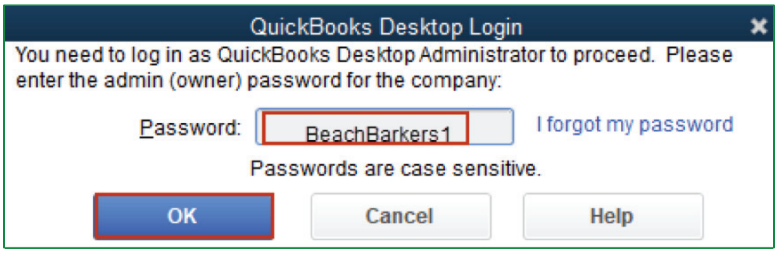
Double-click the folder **QuickBooks_Desktop_Company_2019** to open the folder
Click **Your Name's Beach Barkers**, and then click **Open**

A



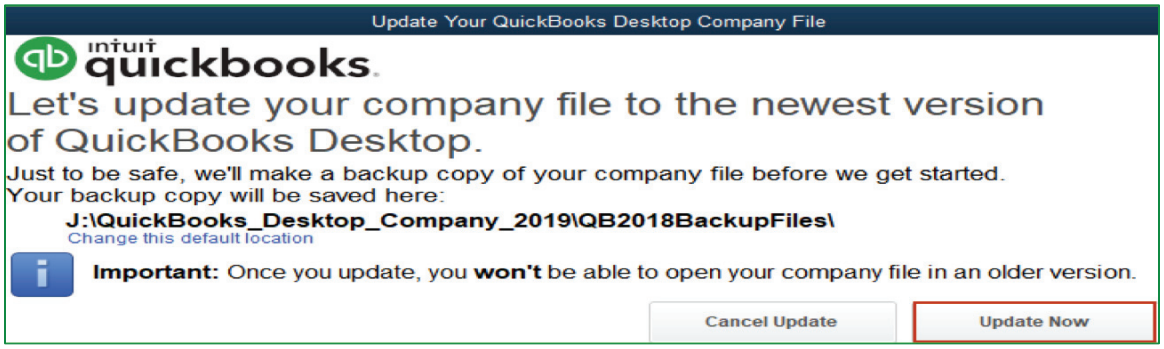
You will need to enter a password to access the file, enter **BeachBarkers1**

- When you enter the password, you will only see asterisks (**********). The following screen shot shows you the actual password. Remember that passwords are case sensitive.


QuickBooks Desktop Login
You need to log in as QuickBooks Desktop Administrator to proceed. Please enter the admin (owner) password for the company:
Password:
BeachBarkers1
I forgot my password
Passwords are case sensitive.
OK
Cancel
Help

- Because QuickBooks Desktop will have periodic updates, you may need to update the desktop company to the newest version of the program. If so, QuickBooks Desktop will automatically make a backup of your company file and then update the file you are opening.

If you need to update your company file, click **Update Now**

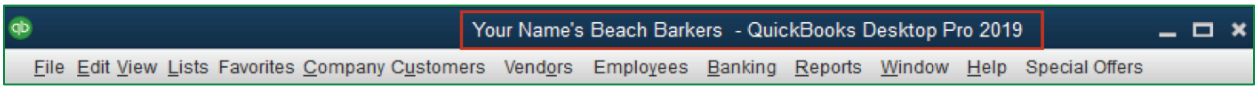

Update Your QuickBooks Desktop Company File
intuit quickbooks
Let's update your company file to the newest version of QuickBooks Desktop.
Just to be safe, we'll make a backup copy of your company file before we get started.
Your backup copy will be saved here:
J:\QuickBooks_Desktop_Company_2019\QB2018BackupFiles\
Change this default location
Important: Once you update, you won't be able to open your company file in an older version.
Cancel Update
Update Now

When you get the You're all set! Message, click **Done**

- If you get a message to enter your email address, enter your Intuit Email Address and Password, and then click **Sign In**.
- If you get an **AutoComplete** Passwords message, click **No**.
- If you get a **screen** where you will verify your email, click the option of your choice: text, call, or email; then click **Continue**. When you **receive** the 6-digit verification code from Intuit, enter it on the Intuit message, then click **Continue**.

Click **Remind Me Later** on the Activate QuickBooks Pro 2019 screen

When the company is open, you will see the company and program names on the Title bar

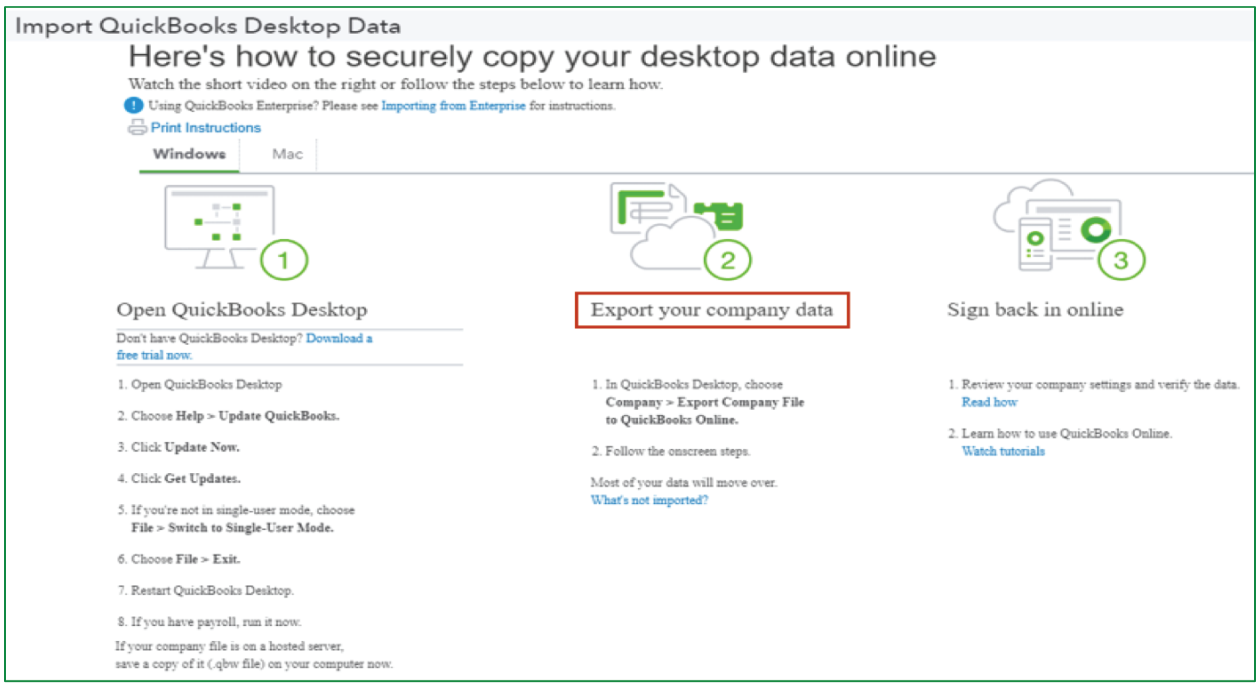

Your Name's Beach Barkers - QuickBooks Desktop Pro 2019
File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help Special Offers

- If you get an introductory screen regarding new features, close it.

Now that you have QuickBooks Desktop installed, you will continue with the export of the company file

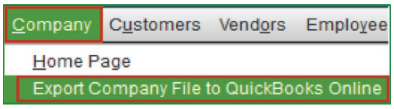
Complete Step 2 Export your company data on the Import QuickBooks Desktop Data screen

- Because this chart is not shown in QuickBooks Desktop, the Import QuickBooks Desktop Data chart that you used in QuickBooks Online is shown below:


Import QuickBooks Desktop Data
Here's how to securely copy your desktop data online
Watch the short video on the right or follow the steps below to learn how.
Using QuickBooks Enterprise? Please see Importing from Enterprise for instructions.
Print Instructions
Windows
Mac
1
2
3
Open QuickBooks Desktop
Don't have QuickBooks Desktop? Download a free trial now.
1. Open QuickBooks Desktop
2. Choose Help > Update QuickBooks.
3. Click Update Now.
4. Click Get Updates.
5. If you're not in single-user mode, choose File > Switch to Single-User Mode.
6. Choose File > Exit.
7. Restart QuickBooks Desktop.
8. If you have payroll, run it now.
If your company file is on a hosted server, save a copy of it (.qbw file) on your computer now.
Export your company data
1. In QuickBooks Desktop, choose Company > Export Company File to QuickBooks Online.
2. Follow the onscreen steps.
Most of your data will move over.
What's not imported?
Sign back in online
1. Review your company settings and verify the data.
Read how
2. Learn how to use QuickBooks Online.
Watch tutorials

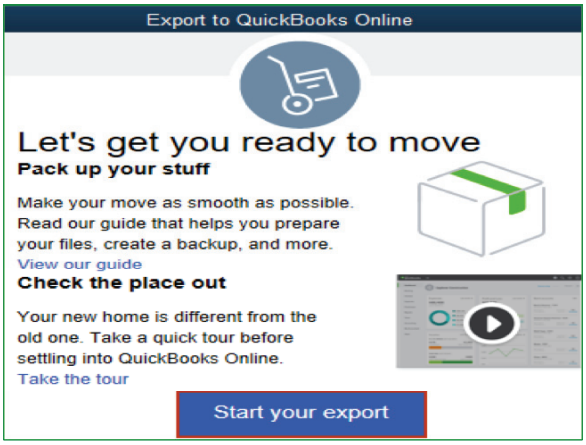
Click **Company** on the Menu bar

Click the last menu item **Export company File to QuickBooks Online**



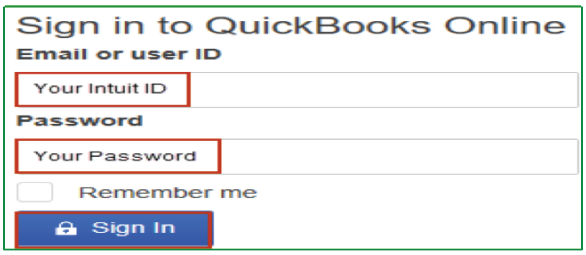
Follow the steps given by QuickBooks Desktop

Click **Start your export**


Export to QuickBooks Online
Let's get you ready to move
Pack up your stuff
Make your move as smooth as possible. Read our guide that helps you prepare your files, create a backup, and more.
View our guide
Check the place out
Your new home is different from the old one. Take a quick tour before settling into QuickBooks Online.
Take the tour
Start your export

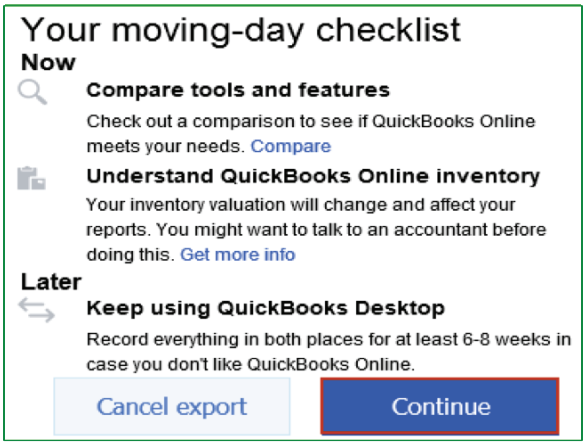
If you are asked to Sign in to QuickBooks Online, enter your Email or user ID and Password, then click **Sign In**

A



- Depending on your selection, you may get a verification code via text or email. If so, enter the verification code you received on the screen, click **Continue**.

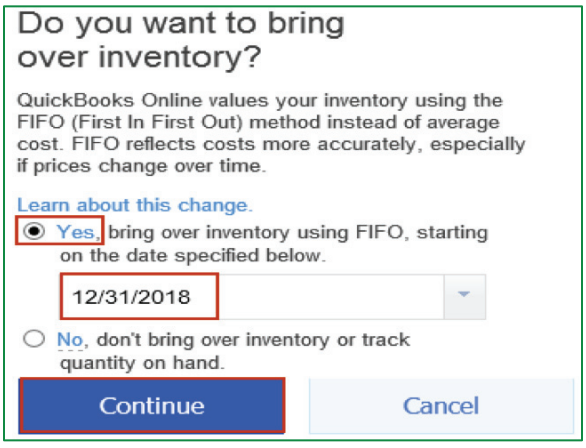
Look at the moving-day checklist, then click **Continue**


Your moving-day checklist
Now
Compare tools and features
Check out a comparison to see if QuickBooks Online meets your needs. Compare
Understand QuickBooks Online inventory
Your inventory valuation will change and affect your reports. You might want to talk to an accountant before doing this. Get more info
Later
Keep using QuickBooks Desktop
Record everything in both places for at least 6-8 weeks in case you don't like QuickBooks Online.
Cancel export
Continue

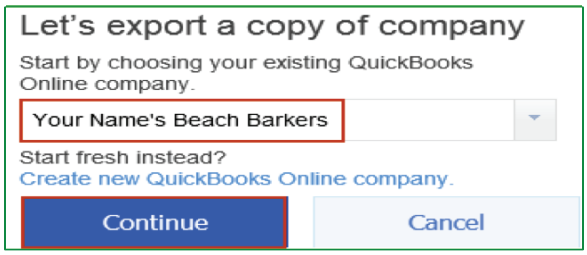
Click **Yes, bring over inventory using FIFO, starting:**
Click the drop-down list arrow for Choose the as of date
Click **December 31, 2018** on the calendar:

- Click the back arrow for the month until you get to **December**, make sure **2018** is the year selected, and click **31**.

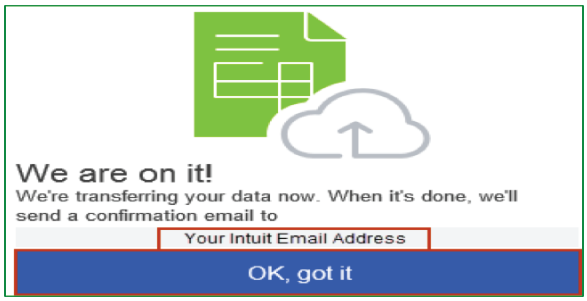
View the completed screen


Do you want to bring over inventory?
QuickBooks Online values your inventory using the FIFO (First In First Out) method instead of average cost. FIFO reflects costs more accurately, especially if prices change over time.
Learn about this change.
Yes, bring over inventory using FIFO, starting on the date specified below.
12/31/2018
No, don't bring over inventory or track quantity on hand.
Continue
Cancel

Click the **Continue** button
On the Let's export a copy of Your Name's Beach Barkers, click the drop-down list arrow and click **Your Name Beach Barkers**
Click **Continue**

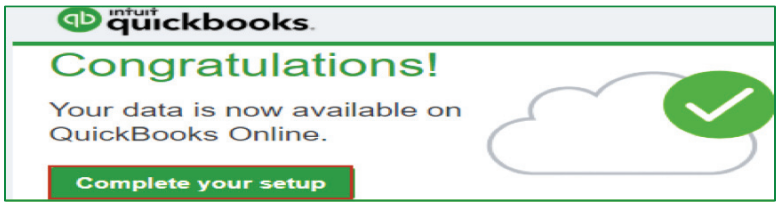

Let's export a copy of company
Start by choosing your existing QuickBooks Online company.
Your Name's Beach Barkers
Start fresh instead?
Create new QuickBooks Online company.
Continue
Cancel

Click **Continue**
The next screen will tell you that it may take up to 30 minutes to prepare Your Name's Beach Barkers
When you get the screen for: We are on it!, click **OK, got it**


We are on it!
We're transferring your data now. When it's done, we'll send a confirmation email to
Your Intuit Email Address
OK, got it

Click **File** on the Menu bar for QuickBooks Desktop, click **Close Company**
Click the **Close** button **x** in the upper-right corner of the Title bar to close QuickBooks Desktop
After a short time, check your email account for a message from Intuit

Open the email, read it, and then click the **Complete your setup** button



Either QuickBooks Online will be opened or you will see the Sign in screen for QBO

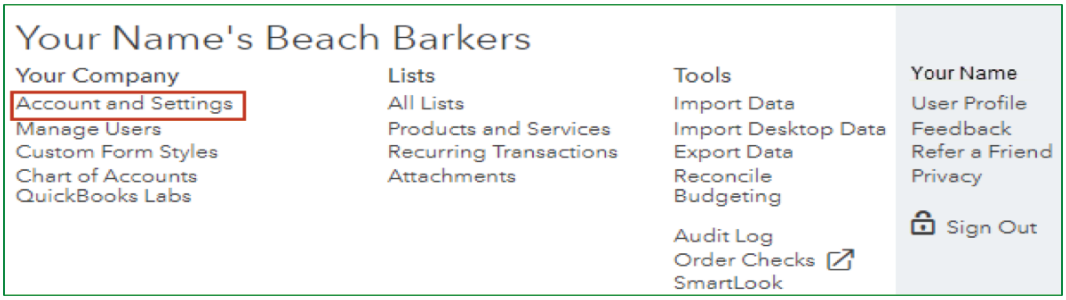
- If you get the Sign in screen, enter your User ID and Password, and then click **Sign In**.
- If you get a Welcome to QuickBooks Online Plus screen, click **Close**.

Your Name's Beach Barkers will show as the company name

ACCOUNT AND SETTINGS

Once your company file has been imported, there is still the setup and refining of your company data that must be completed. It is important to verify that all your information came through for the Chart of Accounts, Customers, Vendors, and Products and Services. In addition, Account and Settings need to be verified and, if necessary, edited.

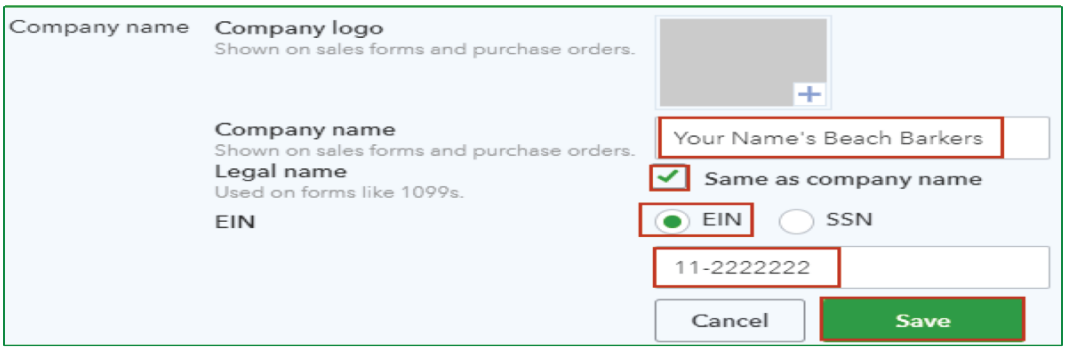
Click the **Gear** icon
In the Your Company column, click **Account and Settings** column



Click the **Pen** icon for the Company name section
Change the words *Your Name's* to your actual first and last names

- For example, Joe Smith's company name would be: **Joe Smith's Beach Barkers**.

Click the radio button for EIN, click in the text box for **EIN (Employer ID Number)**
Enter **11-2222222**



Click the **Save** button
Because we will use this company to perform the work throughout the text, it is important that it matches the company created in Chapter 2 as much as possible

- You may refer to Chapter 2 for more detailed instructions to change settings. Just remember that the changes in Chapter 2 will differ from those required in this appendix.

Additional changes to settings for a company exported by QuickBooks Desktop include:

Company Tab:
Company Type:
Click the **Pen** icon to access this area
Click the drop-down list arrow for Tax form, click **Sole proprietor (Form 1040)**
Click in the Industry text box, enter **Pet Care**
You will see a drop-down list of similar industries, click **Pet Care (except Veterinary) Services** to enter as the Industry

Click **Save**

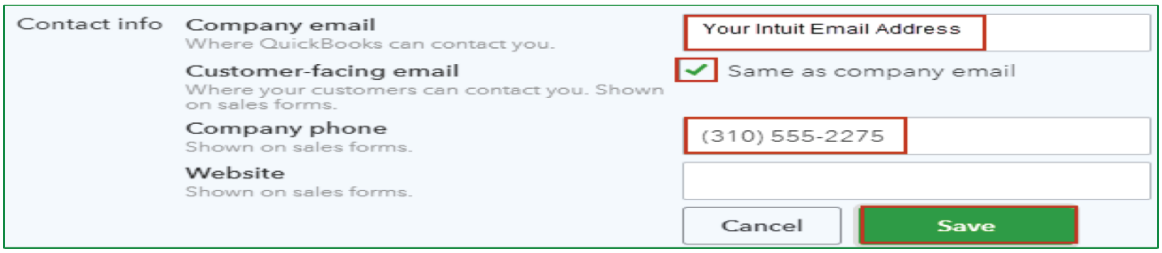
Contact info:

Click the Pen icon to access

Verify your email address

If necessary, enter the Company phone of 310-555-2275

Click **Save**



Address:

Click the **Pen** icon to access

Enter the Company address:

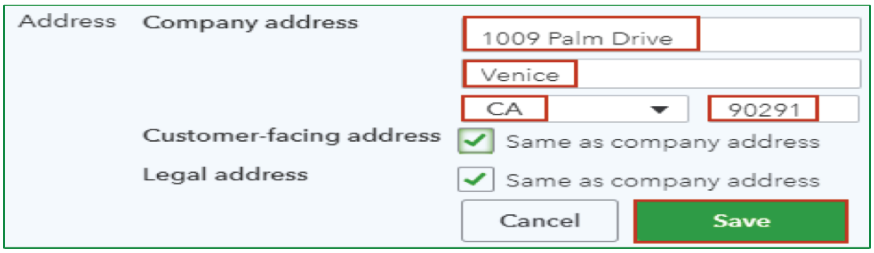
Company address: **1009 Palm Drive**

City: **Venice**

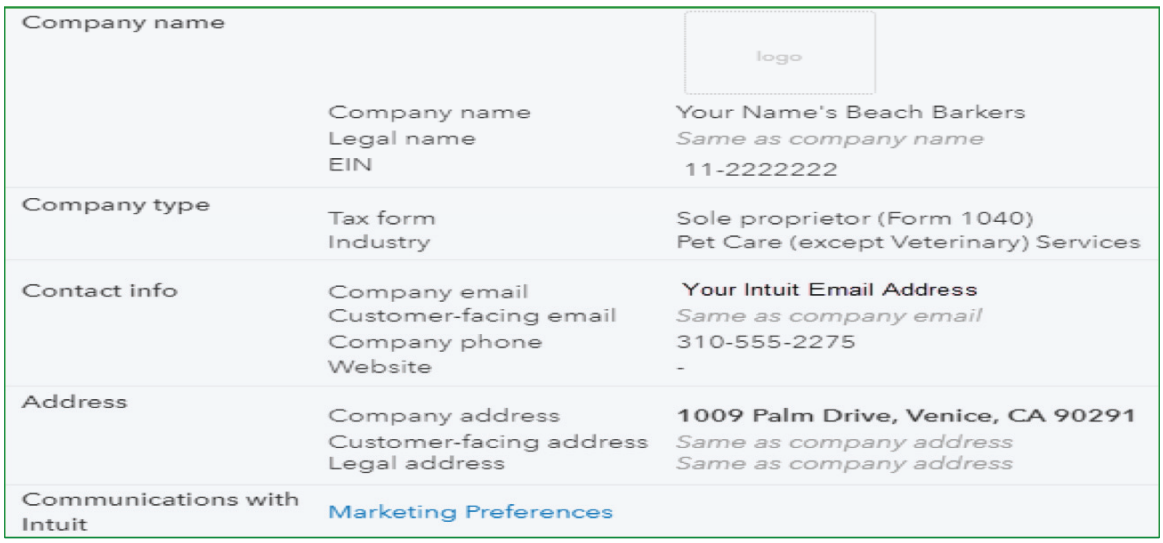
State: **CA**

ZIP: **90291**

Click the **Save** button



View the completed Company information:



A

Sales:
Sales form content
Preferred delivery method: **None**
- If necessary, click the drop-down list arrow; then, click **None**.

Shipping: **Off**
- If necessary, click the check box to remove the check mark.

Custom fields **Off**—click the **Internal**
- If necessary, click the check boxes to remove the check marks.

Custom transaction numbers: **On**
- If necessary, click the check box select.

Discount **On**
- If necessary, click the check box to insert a check mark.

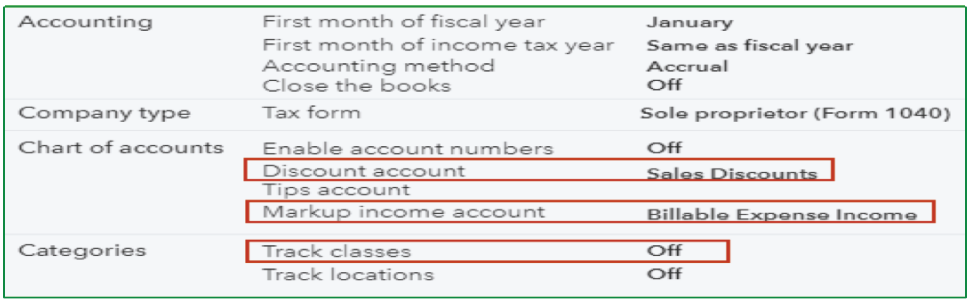
Click **Save**
Statements:
Show aging table at bottom of statement **Off**
- If necessary, click the check box to remove the check mark.

Click the **Save** button
View the completed Sales Settings:

Sales form content	Preferred invoice terms	Net 30
	Preferred delivery method	None
	Shipping	Off
	Custom fields	Off
	Custom transaction numbers	On
	Service date	Off
	Discount	On
	Deposit	Off
	Tips (Gratuity)	Off
Products and services	Show Product/Service column on sales forms	On
	Show SKU column	Off
	Turn on price rules BETA	Off
	Track quantity and price/rate	On
	Track inventory quantity on hand	On
Progress Invoicing	Create multiple partial invoices from a single estimate	On
Messages	Default email message sent with sales forms	
Reminders	Default email message sent with reminders	
Online delivery	Email options for all sales forms	
Statements	Show aging table at bottom of statement	Off

Expenses: No changes required

Advanced:
Chart of Accounts:
To change or select the Discount account, click the drop-down list arrow for Discount account, click **Sales Discounts** from the list of Accounts shown
To change Markup income account, click the drop-down list arrow, click **Billable Expense Income** from the list of Accounts shown
Click **Save**
Categories:
Verify that Track classes is set to **Off**; if not, click the Pen icon, then click the check box for Track classes to remove the check mark
Click **Save**



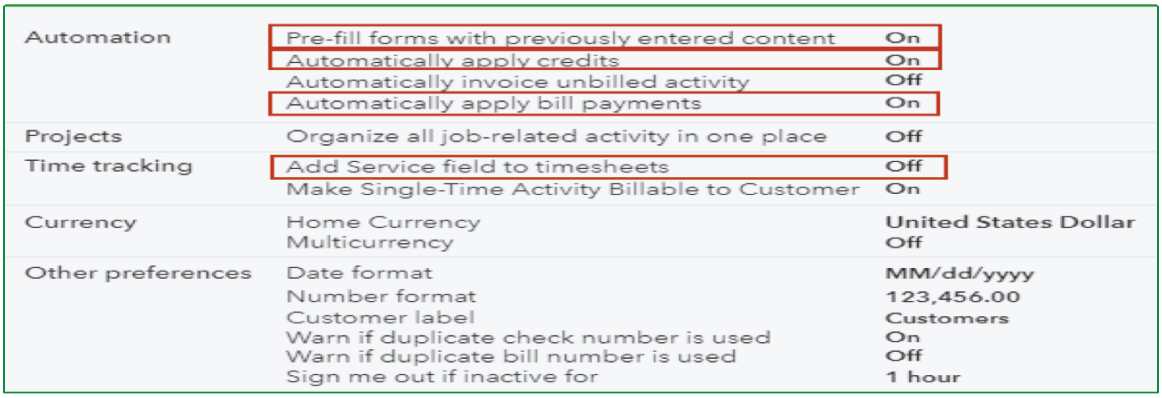
Accounting	First month of fiscal year	January
	First month of income tax year	Same as fiscal year
	Accounting method	Accrual
	Close the books	Off
Company type	Tax form	Sole proprietor (Form 1040)
Chart of accounts	Enable account numbers	Off
	Discount account	Sales Discounts
	Tips account	
	Markup income account	Billable Expense Income
Categories	Track classes	Off
	Track locations	Off

Automation:

Pre-fill forms with previously entered content **On**
Automatically apply credits **On**
Automatically apply bill payments **On**
Click **Save**

Time Tracking:

Add Service field to timesheets **Off**
Click **Save**



Automation	Pre-fill forms with previously entered content	On
	Automatically apply credits	On
	Automatically invoice unbilled activity	Off
	Automatically apply bill payments	On
Projects	Organize all job-related activity in one place	Off
Time tracking	Add Service field to timesheets	Off
	Make Single-Time Activity Billable to Customer	On
Currency	Home Currency	United States Dollar
	Multicurrency	Off
Other preferences	Date format	MM/dd/yyyy
	Number format	123,456.00
	Customer label	Customers
	Warn if duplicate check number is used	On
	Warn if duplicate bill number is used	Off
	Sign me out if inactive for	1 hour

Click the **Done** button at the bottom of the Settings screen
If you get a screen for Welcome to QuickBooks Online Plus, click **Close**

RULE FOR WORKING IN QUICKBOOKS ONLINE PLUS

QuickBooks Online is very user friendly and will let you delete a lot of things from the program including Invoices, Sales Receipts, Checks, and many other business forms. However, you cannot delete Product or Service items that you sell, Accounts (are made inactive but not deleted), Bank Deposits, and others. Unless you are deleting a business form or are trying to avoid situations where you have multiple entries to make a correction, remember this rule for working in QuickBooks: **CORRECT, DON'T DELETE**. Check your work carefully for correct amounts and dates. If you find an error, go back to the original entry to make corrections.

CUSTOMERS LIST

As you open each customer, you will find that the information for their name and address transferred correctly. It is important to check the Payment and billing information for each customer as well.

Edit Customers List

Click **Sales** or **Invoices** on the Left-Navigation bar, and then click the **Customers** tab

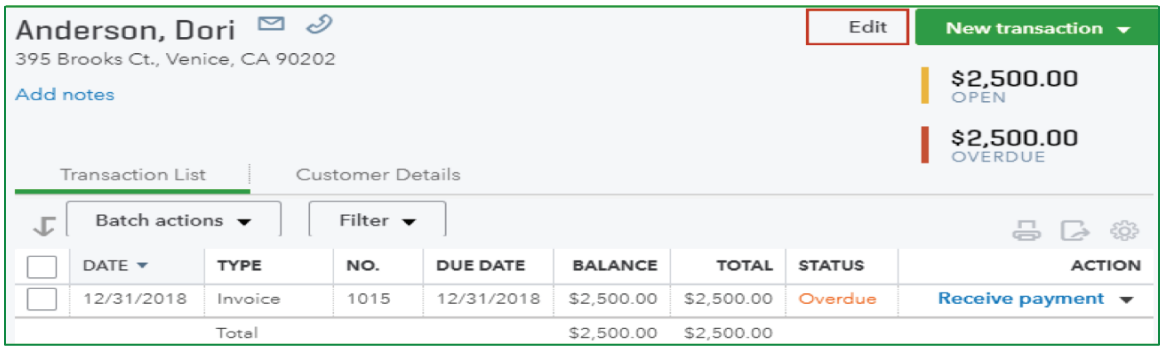
- The Left-Navigation bar will be referred to as the Navigation bar as you move forward with your training. The Top-Navigation bar will continue to be referred to as the Top-Navigation bar.

Point to **Anderson, Dori**

When you see the name underlined, click the left-mouse button

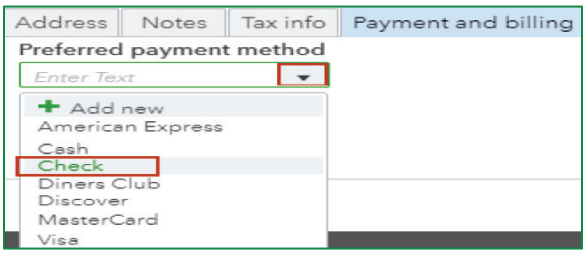
- Dori's account information will be shown.

Click the **Edit** button



Click the **Payment and billing** tab

Click the drop-down list arrow for Preferred payment method, click **Check**

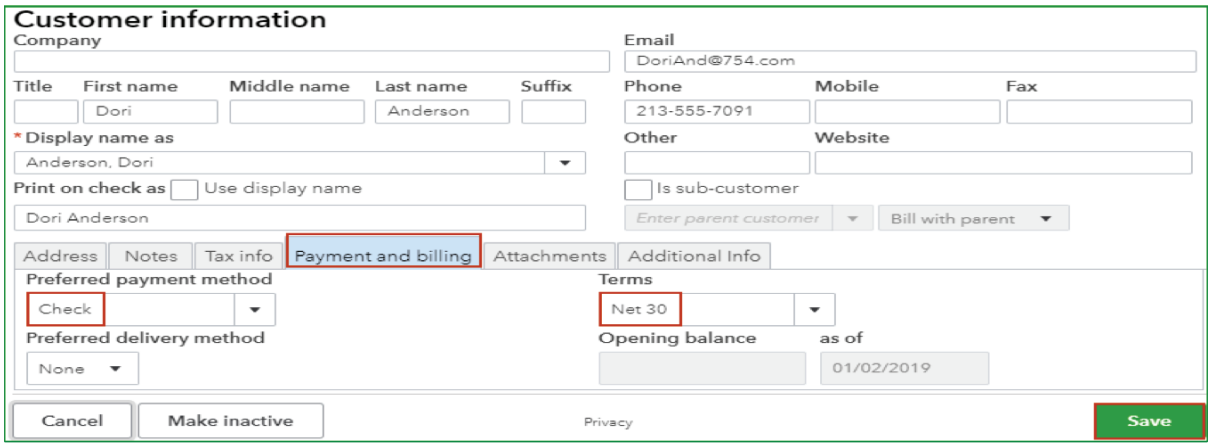


Make sure the Terms are **Net 30**; if not, click the drop-down list arrow, and then click **Net 30**

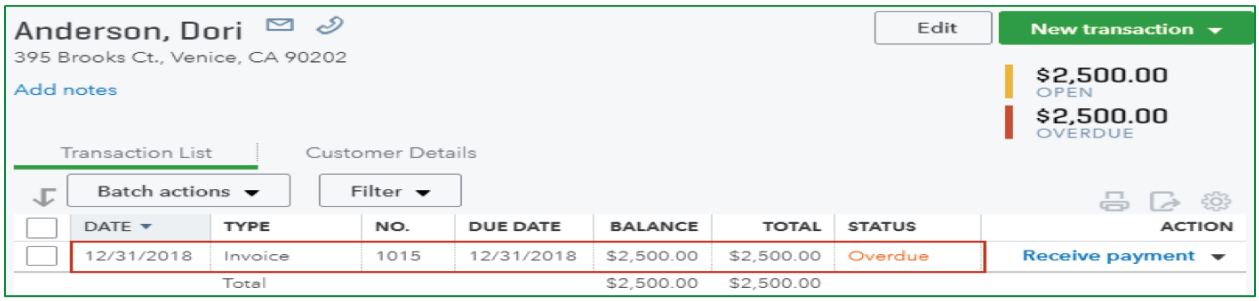
Preferred delivery method should be **None**; if not, click the drop-down list arrow, and then, click **None**

The Opening balance was entered when you imported the Customers List but will not be shown in Dori's Customer Information screen. The as of date will show the current date. Do not change either of these!

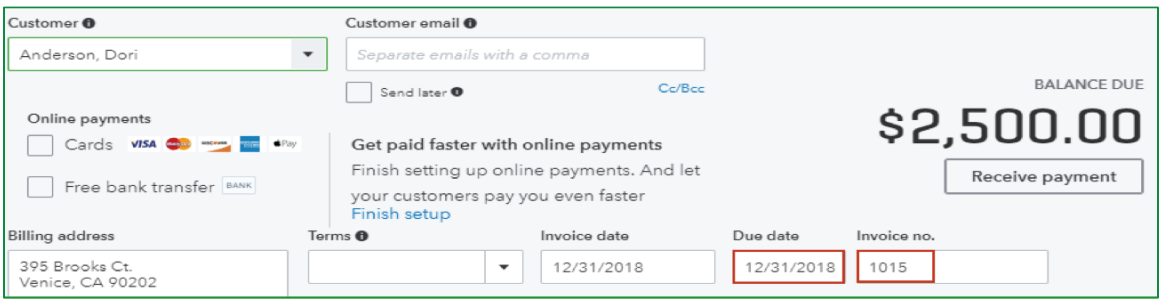
View the changes, then click the **Save** button



You will return to Dori's account register
Click the line for the Invoice in the register



If the Invoice Number and Due Date do not show 1015 or 12/31/2018 make the following changes
Click in the text box for Due date, backspace or press Delete until you remove the date shown, then enter **12/31/18**
Click in the text box for **Invoice no.**, backspace or press Delete until you remove the date shown, then enter **1015**



To display the entire Customers List, click the next to Dori Anderson
The list of Customer names and the Opening Balance for each customer is shown.
Click **Larry Bailey** and edit his account following the steps shown for Dori Anderson:
Preferred Payment Method: **Check**
Terms: **Net 30**
Preferred delivery method: **None**

- Remember, you will see his $2,500 Opening Balance in the list but not in the Payment and Billing information in his account. Do not change this!

Make sure the invoice has a Due Date of **12/31/18** and an **Invoice no.** of **1016**

A

Continue to edit all the other customers by following the steps shown for Dori Anderson
Invoice numbers should be:

Customer	Invoice Number
Dori Anderson	1015
Larry Bailey	1016
Bunni Clark	1017
Oscar Gilbert	1018
Todd Hernandez	1019
Annabelle Morgan	1020
Viv Norbert	1021
Eric Perez	1022
Ricardo Rodriguez	1023
Colleen Stark	1024
Matthew Summer	1025
Pamela Vines	1026
Drake Williams	1027
Katie Wilson	1028

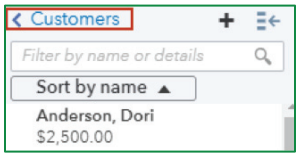
Pay special attention to any customer with Malibu as part of the street name

- At the time of writing, QBO imported the street names. However, if a street name includes a city name, the city name may be removed from the street name and shown on a separate line.

If necessary, remove the city from the Billing address and change the following customers to the street names below:

Nichols, Andrew—Street: **Malibu Cove Colony**
Rodriguez, Megan—Street: **Malibu Road**
Scott, Brandon—Street: **Malibu Colony Road**

When finished editing all the customers, click **<Customers** above the list of customer names with balances below

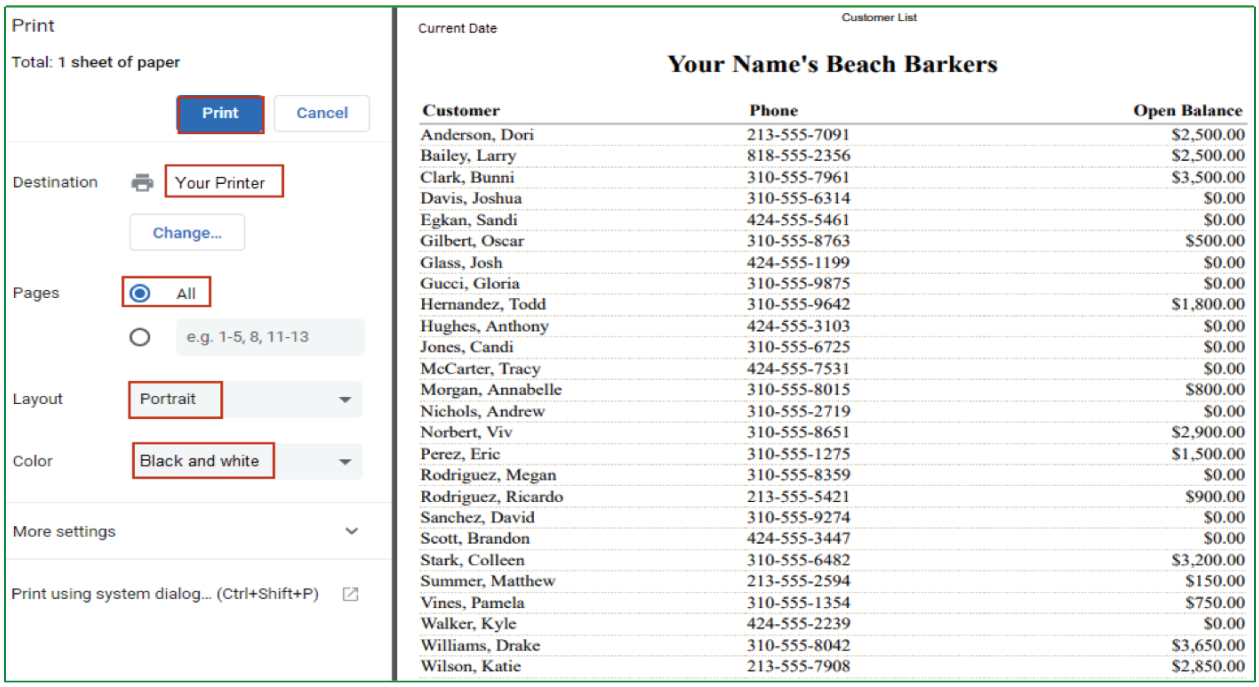


- You are returned to the Customers List.

Print and/or Export Customers List

Follow the steps listed below to print or export the Customers List
To print a copy of the Customers List, click the **Printer** icon
Make the appropriate selections on the Print menu:
Destination: should be the printer you will be using
Pages: **All**
Copies: **1**
Layout: **Portrait**
Color: **Black and white**

- QuickBooks Online may add the Current Date and the title Customer List at the top of the printout.


Print
Total: 1 sheet of paper
Print
Cancel
Destination
Your Printer
Change...
Pages
All
e.g. 1-5, 8, 11-13
Layout
Portrait
Color
Black and white
More settings
Print using system dialog... (Ctrl+Shift+P)
Current Date
Customer List
Your Name's Beach Barkers
Customer | Phone | Open Balance
Anderson, Dori | 213-555-7091 | $2,500.00
Bailey, Larry | 818-555-2356 | $2,500.00
Clark, Bunni | 310-555-7961 | $3,500.00
Davis, Joshua | 310-555-6314 | $0.00
Egkan, Sandi | 424-555-5461 | $0.00
Gilbert, Oscar | 310-555-8763 | $500.00
Glass, Josh | 424-555-1199 | $0.00
Gucci, Gloria | 310-555-9875 | $0.00
Hernandez, Todd | 310-555-9642 | $1,800.00
Hughes, Anthony | 424-555-3103 | $0.00
Jones, Candi | 310-555-6725 | $0.00
McCarter, Tracy | 424-555-7531 | $0.00
Morgan, Annabelle | 310-555-8015 | $800.00
Nichols, Andrew | 310-555-2719 | $0.00
Norbert, Viv | 310-555-8651 | $2,900.00
Perez, Eric | 310-555-1275 | $1,500.00
Rodriguez, Megan | 310-555-8359 | $0.00
Rodriguez, Ricardo | 213-555-5421 | $900.00
Sanchez, David | 310-555-9274 | $0.00
Scott, Brandon | 424-555-3447 | $0.00
Stark, Colleen | 310-555-6482 | $3,200.00
Summer, Matthew | 213-555-2594 | $150.00
Vines, Pamela | 310-555-1354 | $750.00
Walker, Kyle | 424-555-2239 | $0.00
Williams, Drake | 310-555-8042 | $3,650.00
Wilson, Katie | 213-555-7908 | $2,850.00

Click **Print**

You may also print the Customers List to a pdf file by clicking the **Change** button; then selecting Adobe Pdf if available. You will be required to select a storage location to save the pdf file, create a folder on your USB drive named **Your First Initial and Last Name Beach Barkers PDF 2019** as the name of the folder. Enter the name of the document **1-Your First initial and Last Name Cust List Ch 2** as the file name, click **Save**.

- Use your actual First Initial and Last Name. For example, the author would use: 1-JHorne Cust List Ch 2 for the file name.
- If you see the Customer List displayed on a separate tab, click the Close button on the Customer List tab.

To export the list to Excel, click the **Export to Excel** icon

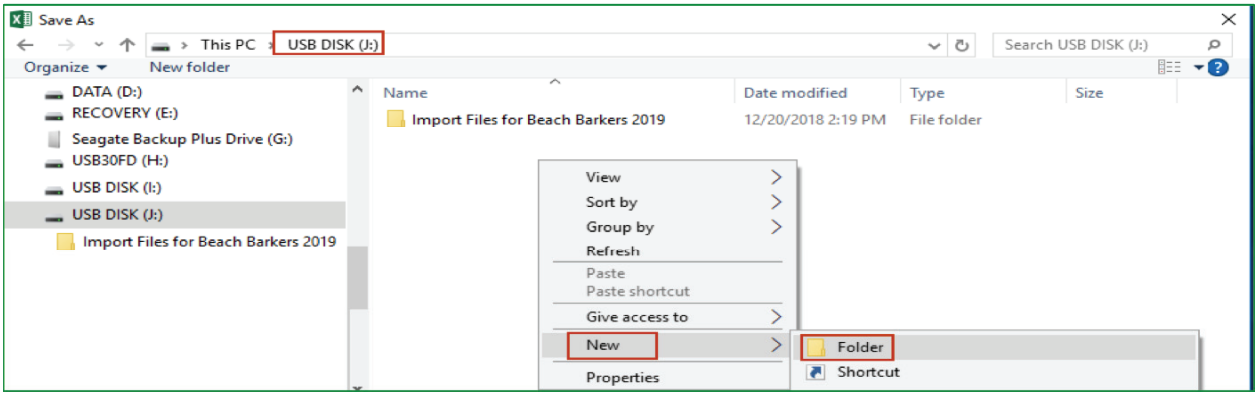
You may be required to save the file prior to opening in Excel

If so, make sure that your USB drive location is selected

- J: is the location in this illustration.

Right click in the open pane below the Import Files for Beach Barkers 2019 folder

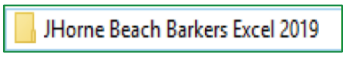
Point to **New,** and then click **Folder**



A

Type **Your First Initial and Last Name Beach Barkers Excel 2019** as the name of the folder, press **Enter**

- Use your actual First initial and Last Name. As an example, the author's folder would be: JHorne Beach Barkers Excel 2019

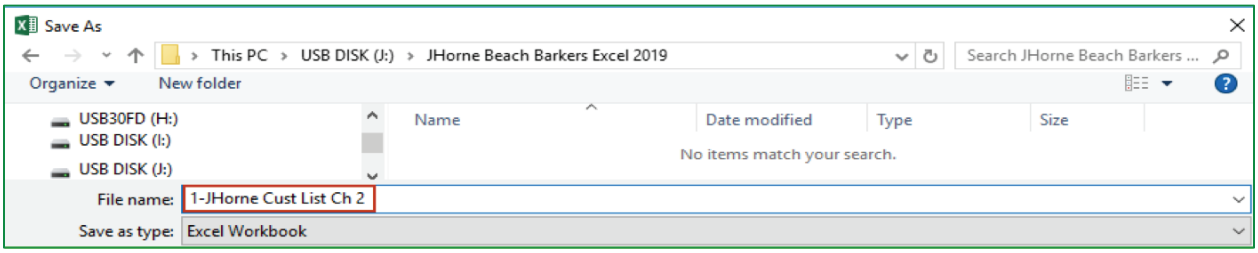


Double-click the folder to open it

Click in the text box for **File name**

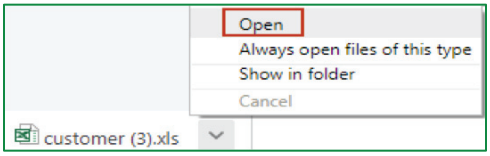
Enter **1-Your First Initial and Last Name Cust List Ch 2** as the file name

- Use your actual First Initial and Last Name. For example, the author would use: 1-JHorne Cust List Ch 2 for the file name.
- Future screenshots will show Your Name rather than the author's first initial and last name.



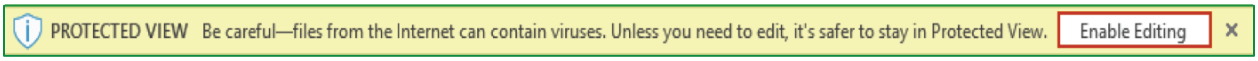
Click the **Save** button

- If you are using Chrome as your Web browser, you will see a tab at the bottom of Chrome, click the arrow, then click **Open.**



You will see the Customers List in Excel

- The file may open in Protected View. If your file is shown in Protected View, it cannot be saved, click **Enable Editing**; otherwise, disregard this step.


PROTECTED VIEW
Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View.
Enable Editing

- If the Excel file is opened with data in small cells, the cells will need to be widened.

To widen Excel columns, point to the line between columns A and B when you get a double arrow, hold down the left mouse button and drag until the information for the column is on one line

Repeat for the remaining columns

To adjust the height of the columns, resize the rows following the same procedures

When the columns and rows have been resized, scroll through the Excel file to view the customer information

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Customer	Company	Street Address	City	State	Country	Zip	Phone	Email	Customer Type	Attachments	Open Balance	Notes
2	Anderson, Dori		395 Brooks Ct.	Venice	CA		90202	213-555-7091	DoriAnd@754.com			2,500.00	
3	Bailey, Larry		1275 Vista Del Mar	Playa Del Rey	CA		90293	818-555-2356	LB123@LB.com			2,500.00	
4	Clark, Bunni		102 Breeze Avenue	Venice	CA		90202	310-555-7961	Bunni@pets.com			3,500.00	
5	Davis, Joshua		203 Palisades Avenue	Santa Monica	CA		90123	310-555-6314	JDavis@beach.com			0.00	
6	Egkan, Sandi		5461 Horizon Drive	Malibu	CA		90265	424-555-5461	SandiE@mbu.com			0.00	
7	Gilbert, Oscar		1839 A Street	Santa Monica	CA		90123	310-555-8763	OG@abc.com			500.00	
8	Glass, Josh		7291 Westward Beach Road	Malibu	CA		90265	424-555-1199	Jglass@malibu.com			0.00	
9	Gucci, Gloria		795 Ocean Avenue	Venice	CA		90202	310-555-9875	GloriaG@123.com			0.00	
10	Hernandez, Todd		2971 Dell Avenue	Venice	CA		90291	310-555-9642	ToddH@385.com			1,800.00	
11	Hughes, Anthony		3103 Sweetwateer Mesa Road	Malibu	CA		90265	424-555-3103	TonyH@malibu.com			0.00	
12	Jones, Candi		2895 Seabreeze Drive	Malibu	CA		90265	310-555-6725	CandiJ@Cal.com			0.00	
13	McCarter, Tracy		27768 California 1	Malibu	CA		90265	424-555-7531	TracyMcC@beach.com			0.00	
14	Morgan, Annabelle		1021 Montana Avenue	Santa Monica	CA		90123	310-555-8015	AMorgan@xyz.com			800.00	
15	Nichols, Andrew		27197 Malibu Cove Colony	Malibu	CA		90265	310-555-2719	AndyNic@theBu.com			0.00	
16	Norbert, Viv		125 23rd Avenue	Venice	CA		90202	310-555-8651	VivN@gva.com			2,900.00	
17	Perez, Eric		2190 State Street	Brentwood	CA		90049	310-555-1275	EricP@098.com			1,500.00	
18	Rodriguez, Megan		24359 Malibu Road	Malibu	CA		90265	310-555-8359	Megan@mbu.com			0.00	
19	Rodriguez, Ricardo		851 4th Court	Santa Monica	CA		90202	213-555-5421	RR@bde.com			900.00	
20	Sanchez, David		30010 Zenith Point Road	Malibu	CA		90265	310-555-9274	DaveS@xyz.com			0.00	
21	Scott, Brandon		23447 Malibu Colony Road	Malibu	CA		90265	424-555-3447	BrandonS@Colony.com			0.00	
22	Stark, Colleen		5519 Via Donte	Marina Del Rey	CA		90296	310-555-6482	CoStark@beach.com			3,200.00	
23	Summer, Matthew		2210 Pacific Avenue	Marina Del Rey	CA		90295	213-555-2594	MattS@qwe.com			150.00	
24	Vines, Pamela		119 Via Marina	Marina Del Rey	CA		90295	310-555-1354	PamV@mail.com			750.00	
25	Walker, Kyle		23509 Palm Canyon Lane	Malibu	CA		90265	424-555-2239	KyleW@abc.com			0.00	
26	Williams, Drake		548 San Vincente	Venice	CA		90202	310-555-8042	DrakeW@wil.com			3,650.00	
27	Wilson, Katie		4157 Via Marina, #3	Venice	CA		90202	213-555-7908	Kw@587.com			2,850.00	

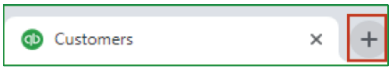
To save the changes and formatting, click **File** at the top of the Excel screen, and then click **Save**

- If you did not save the document previously, click Save As and then repeat the steps shown previously to name and save the document.

Email Customers List

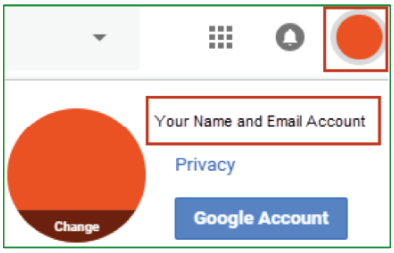
Each instructor will have his or her method for the submission of assignments. One way to submit your work is by email. Check with your instructor to see if you should email the Customers List. If so, use your Intuit ID email account for the email.

Email **Your Name's Beach Barkers** Customers List
To email your Customers List, open a new Tab on your browser
At the top of your browser click the Plus next to the open tab



Type **mail.google.com** in the URL on the new tab, press **Enter**

- If your Intuit ID email account does not show, click the graphic for your Intuit email account.



Click the **Compose** button
On the New Message screen, enter your professor's email address
On the Subject line, enter **Your Name's Beach Barkers Customers List Ch. 2**

- Use your first initial and last name.

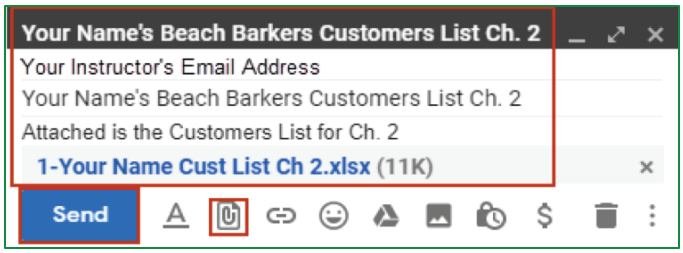
In the message area, key in **Attached is the Customers List for Ch. 2**

A

Click the **Paperclip** icon

- If necessary, double-click your Beach Barkers Excel 2019 Folder on your USB drive.

Click **1-Your Name Cust List Ch 2**
Click **Open**
When the file has been attached, click the **Send** button


Your Name's Beach Barkers Customers List Ch. 2
Your Instructor's Email Address
Your Name's Beach Barkers Customers List Ch. 2
Attached is the Customers List for Ch. 2
1-Your Name Cust List Ch 2.xlsx (11K)
Send

- If your instructor wants you to submit your work in batches, add all the file names in your message. Click the paperclip icon and select each file to be attached.

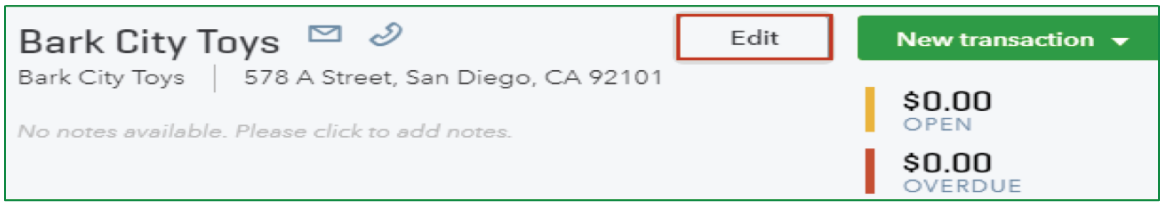
When the file(s) has/have been attached, click the **Send** button
Click the **Close** button on the tab for your email account

VENDORS LIST

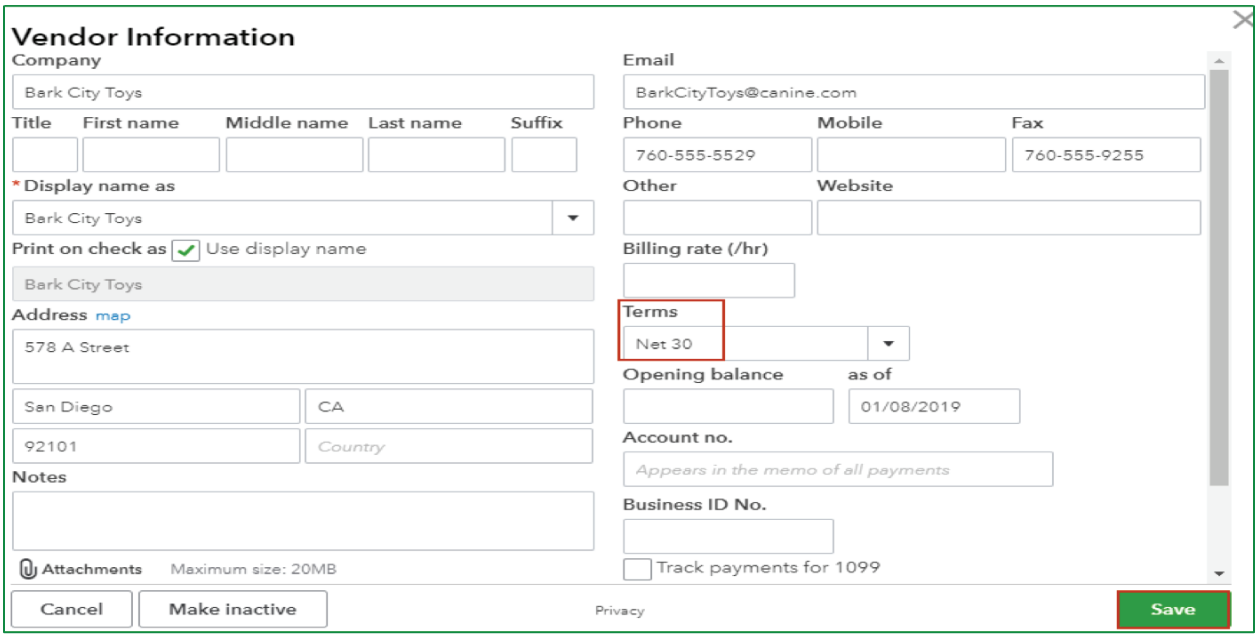
Click **Expenses** on the Navigation bar; then, click the **Vendors** tab
Point to **Bark City Toys**
When you see the name underlined, click the left-mouse button

- Account information for Bark City Toys will be shown.

Click the **Edit** button



Click the drop-down list arrow for Terms, click **Net 30**
View the Vendor Information for Bark City Toys



All the other information imported correctly and completely, click the **Save** button

Edit each of the Vendors and add Terms of **Net 30**

- At the time of this writing, when a vendor's street name includes a city name, the city name may be shown on a separate line rather than as part of the street name.

If this happens, make the appropriate edits:

Pet Clothes—Street: **Los Angeles, Avenue**
Pet Supplies Unlimited—Street: **Hollywood Boulevard**

When finished, refer to the instructions given for the Customers List to print, export, or email **2-Your Name Vend List Ch 2**

PRODUCTS AND SERVICES LIST

As with Customers and Vendors, some items in the Products and Services List may need to be edited, made inactive, or added after the QuickBooks Company File has been imported.

Click the **Gear** icon , then click **Products and Services** in the List Column or click **Sales** on the Navigation bar and then click the **Products and Services** tab

Scroll through the list to see all the products and services you will be selling

- Note: Chapters 3-5 focus on Services and Chapters 6-8 will include both Services and Inventory (Products) items.

Since the products and services uploaded correctly, print, export, or email **3-Your Name Prod-Svc List Ch 2** as previously instructed

CHART OF ACCOUNTS

As you scroll through the Chart of Accounts, you will find that a great number of accounts need to be edited. When you import a company from QuickBooks Desktop, the Detail Type is not imported. This necessitates editing the Detail Type for most of the accounts.

Delete and Rename Accounts

Click **Accounting** on the Navigation bar, then click the **Chart of Accounts** tab

- If you get a message to Take a peed under the hood, click the **See your Chart of Accounts** button.

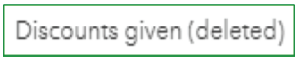
Scroll through the Chart of Accounts and look at the accounts that were imported

- If you import an account that you do not want or need, you cannot delete it from QuickBooks Desktop. Instead, you make the account inactive.

Since there is already a Sales Discounts account, make the **Discounts given** account inactive, click the drop-down list arrow next to Run report for the account Discounts given, click **Make Inactive**

Click **Yes** on the screen for Are you sure you want to inactivate this?

- An inactive account is not removed from your Chart of Accounts. To view the inactive account, click the **Gear** icon in the Chart of Accounts, and click **Show inactive**.
- QuickBooks will show the account Discounts given (deleted).



You do not need both Billable Expense Income and Markup accounts; make the **Markup** account inactive following the same steps that you used for Discounts given

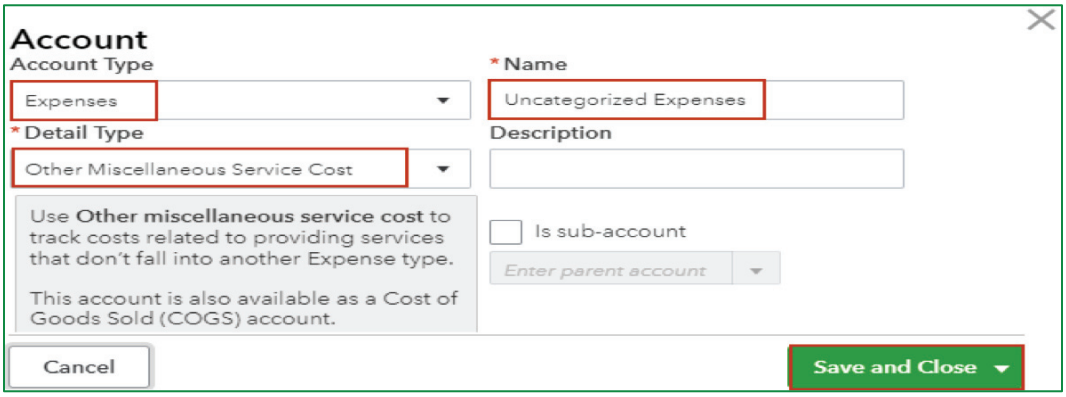
Follow the same procedures to make **Shipping Income** account inactive; and, if shown, **Purchases-1**

Scroll through the accounts until you get to Uncategorized Expense

Rename Uncategorized Expense to **Uncategorized Expenses**, click the drop-down list arrow for the account, click **Edit**

Add the **s** to Expense, click **Save and close**

- Note that the Account Type is Expenses and the Detail Type is Other Miscellaneous Service Cost. QBO categorizes accounts based on this information.



For the Insurance Expense account, delete the word **Expense** from the Account Name

Edit Accounts

Since Detail Type is not part of QuickBooks Desktop, many imported accounts will need to have the correct Detail Type assigned.

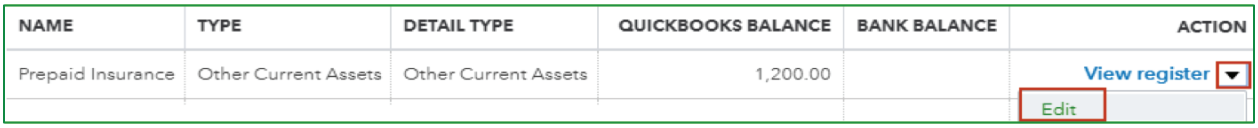
Edit and assign Detail Type to the following accounts using the instructions that appear after the chart:

- If you have an account that is not in the chart, it means the account does not need to be edited.

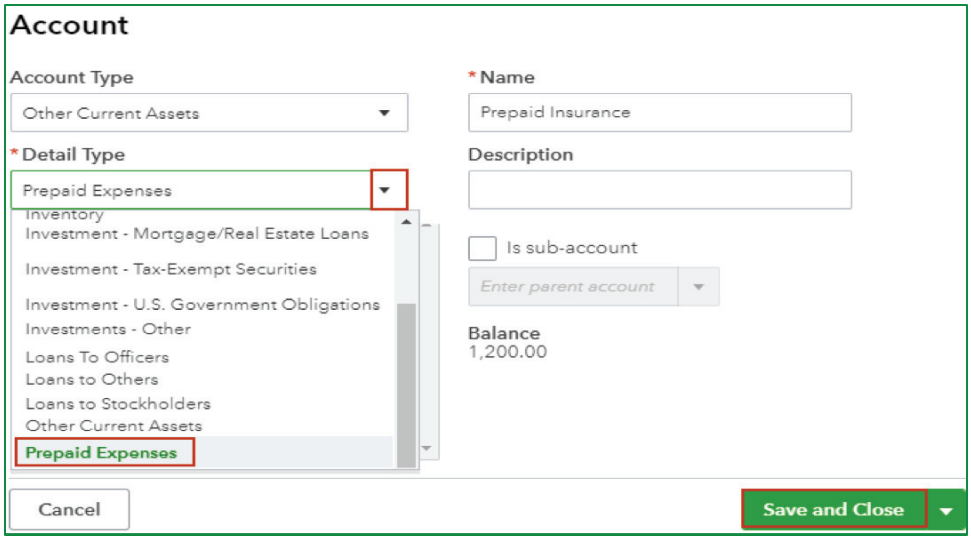
Account	Type	Detail Type
Prepaid Insurance	Other Current Assets	Prepaid Expenses
Supplies	Other Current Assets	Prepaid Expenses
Cleaning Supplies	Other Current Assets	Prepaid Expenses
Kennel Supplies	Other Current Assets	Prepaid Expenses
Office Supplies	Other Current Assets	Prepaid Expenses
Sales Supplies	Other Current Assets	Prepaid Expenses
Equipment	Fixed Assets	Machinery & Equipment
Equipment:Depreciation	Fixed Assets	Accumulated Depreciation
Equipment:Original Cost	Fixed Assets	Machinery & Equipment
Furniture & Fixtures	Fixed Assets	Furniture & Fixtures
Furniture & Fixtures:Depreciation	Fixed Assets	Accumulated Depreciation
Furniture & Fixtures:Original Cost	Fixed Assets	Furniture & Fixtures
Kennel Equipment	Fixed Assets	Machinery & Equipment
Kennel Equipment:Depreciation	Fixed Assets	Accumulated Depreciation
Kennel Equipment:Original Cost	Fixed Assets	Machinery & Equipment
Vehicles	Fixed Assets	Vehicles
Vehicles:Depreciation	Fixed Assets	Accumulated Depreciation
Vehicles:Original Cost	Fixed Assets	Vehicles

Payroll Liabilities	Other Current Liabilities	Payroll Tax Payable
Loans Payable	Long Term Liabilities	Notes Payable
Equipment Loan	Long Term Liabilities	Notes Payable
Furniture & Fixtures Loan	Long Term Liabilities	Notes Payable
Billable Expense Income	Income	Service/Fee Income
Sales Discounts	Income	Discounts/Refunds Given
Services	Income	Service/Fee Income
Services: Boarding	Income	Service/Fee Income
Services: Day Camp	Income	Service/Fee Income
Services: Fees Billed	Income	Service/Fee Income
Services: Grooming	Income	Service/Fee Income
Services: Hours	Income	Service/Fee Income
Services: Training	Income	Service/Fee Income
Uncategorized Income	Income	Service/Fee Income
Advertising	Expenses	Advertising/Promotional
Automobile Expense	Expenses	Auto
Bank Charges	Expenses	Bank Charges
Dues & Subscriptions	Expenses	Dues & subscriptions
Equipment Rental	Expenses	Equipment Rental
Freight & Delivery	Expenses	Shipping, Freight & Delivery
Insurance	Expenses	Insurance
Insurance-Disability	Expenses	Insurance
Insurance-Liability	Expenses	Insurance
Interest Expense	Expenses	Interest Paid
Legal & Professional Fees	Expenses	Legal & Professional Fees
License Expense	Expenses	Taxes Paid
Office Expenses	Expenses	Office/General Administrative Expenses
Other General and Admin Expenses	Expenses	Office/General Administrative Expenses
Promotional	Expenses	Advertising/Promotional
Purchases	Expenses	Supplies & Materials
Rent or Lease	Expenses	Rent or Lease of Buildings
Repair & Maintenance	Expenses	Repair & Maintenance
Shipping & Delivery	Expenses	Shipping, Freight & Delivery
Stationery & Printing	Expenses	Office/General Administrative Expenses
Supplies Expense	Expenses	Supplies & Materials
Cleaning Supplies Expense	Expenses	Supplies & Materials
Kennel Supplies Expense	Expenses	Supplies & Materials
Office Supplies Expense	Expenses	Supplies & Materials
Sales Supplies Expense	Expenses	Supplies & Materials
Taxes & Licenses	Expenses	Taxes Paid
Telephone Expense	Expenses	Utilities
Utilities	Expenses	Utilities
Interest Earned	Other Income	Interest Earned
Depreciation Expense	Other Expense	Depreciation

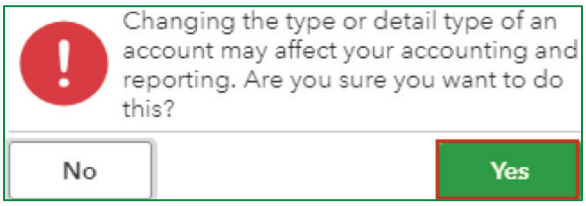
Click the drop-down list arrow for Prepaid Insurance
Click **Edit**



Click the drop-down list arrow for Detail Type, then scroll through the Detail Types given, click **Prepaid Expenses**



Click **Save & Close**
Click **Yes** on the warning screen Changing the type or detail type…


Changing the type or detail type of an account may affect your accounting and reporting. Are you sure you want to do this?
No
Yes

Repeat the steps for all the accounts listed in the chart
Print, export, or email as previously instructed
Because you imported the company file from QuickBooks Desktop, you will not be completing the Additional Transactions section at the end of Chapter 2.
Return to Chapter 2 and resume work in the Reports section

- There will be some differences in the reports: (Remember: Report Dates are for **12/31/18**).

Account Listing: No differences are found.

Trial Balance: No differences are found.

Journal: Entries will be in a different order.

Profit and Loss: No differences are found.

Balance Sheet: Both Appendix A and Chapter 2 show Accounts Receivable for $27,500.00 and Accounts Payable for $5,300.00. However, Appendix A shows the total amount of $22,200.00 in Retained Earnings (A/R of 27,500.00 – A/P of 5,300.00 = 22,200.00) rather than Net Income, which is shown in the Chapter 2 report. Do not be concerned. If you prepared this report for the dates of 01/01/2019 using the Chapter 2 company file, you would show the $22,200.00 in Retained Earnings.

GO MOBILE

B

This appendix will explore the QuickBooks Online Mobile App and is written for you to read. If you wish to follow the steps and examples shown, feel free to do so; however, the appendix is designed as an enhancement rather than actual training. If you complete the transactions shown in this appendix for illustration purposes, you will need to remember to delete them at the end of the appendix. If Your Name's Beach Barkers is used for any additional or supplemental assignments, your totals will not match if you keep the transactions as part of Your Name's Beach Barkers.

As part of your QuickBooks Online subscription, you may download the QuickBooks Online Mobile App. It may be used on an iPhone, iPad, Android phone, or Android tablet free of charge. With the App, you may view information, record transactions, receive payments, and prepare Profit and Loss and Balance Sheet reports right on your phone or tablet.

To download the app, you must have an active subscription for QuickBooks Online. Then, depending on your device, you will either download the Free App directly from the Apple Store or from Google Play. Please note that, other than the Apple Store screen, the procedures and screens shown in this appendix are from an Android device. The Apple screens are similar.

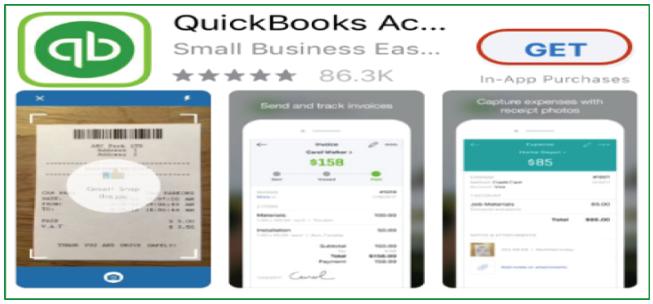
DOWNLOAD AND INSTALL

When you are ready to install the QuickBooks App, complete the material for either Google Play or the iTunes App Store.

Apple Store

In order to install your Apple device, you must have an iTunes account. If you do not, you must create one before you can download the App.

On your iPhone or iPad, click the **App Store** icon
In the Search area, key in **QuickBooks Online**, press **Enter**
Click the **Get** button on the QuickBooks Ac… App



Google Play

As with Apple, you must have a Google Play account in order to download the App. If you do not, you must create one before you can download the App.

On your phone, click on the **Play Store** icon
In the Search area, key in **QuickBooks Online**, press **Enter**

Install the App

Tap **Install** or **Get**, and then continue the installation following the prompts provided by Google Play or the Apple Store.

If you get a list of areas that QuickBooks Accounting needs access to, click **Accept**

When the App is installed, click **Open**
In order to use the App, click **Sign in**
Enter your Email/Intuit ID and your Password, then click **SIGN IN**
The first time you use QuickBooks Online Mobile app, you will need to verify your account
You may choose a text message, an email, or verify some other way
When you get a text or an email, you will receive a six-digit verification code
Enter the six-digit code
The App is now ready for you to use QuickBooks Online Mobile

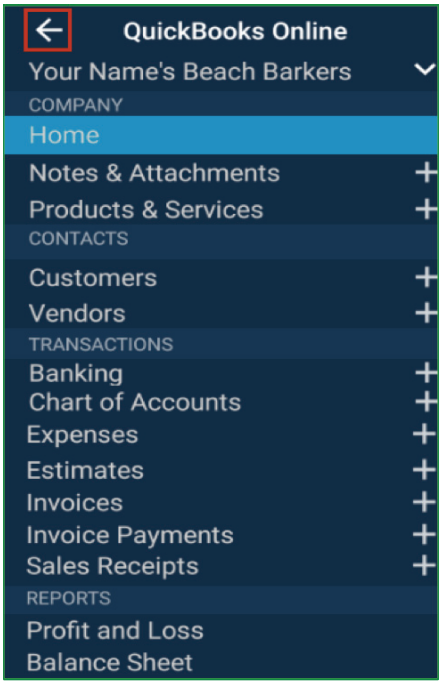
EXPLORE

Please note that the procedures and screens shown are from an Android device. The Apple screens are similar. However, some of the buttons are in different locations and in some instances, you will tap Save rather than Done. Instead of Add or +, you will click the Menu Icon for an Apple device. There are other differences, but they should be easy to discern.

After the App has been opened, and you have logged in with your QuickBooks Online User Name and Password, you will see the Home screen. On the Home screen you have choices to view either Dashboard or Activity. Dashboard is shown by default and lists information regarding Profit and Loss, Invoices, and Expenses. You may also connect to your bank account if you scroll to the bottom of the Dashboard screen. If you click Activity, you will see a list of your Recent Activities.

Tap the **Menu** icon to display the Navigation bar

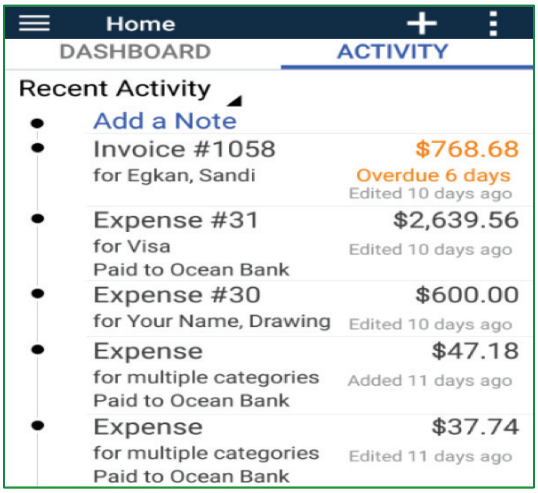
- The Navigation bar shows you areas that may be accessed. This includes:
  - Company—Includes:
    - Home—the Dashboard and Activity section shown when opening the program
    - Notes & Attachments—may be added for customers
    - Products & Services—list of items sold
  - Contacts—includes:
    - Customers—list of customers
    - Vendors—List of vendors
  - Transactions—includes:
    - Banking
    - Chart of Accounts
    - Expenses
    - Estimates
    - Invoices
    - Invoice Payments
    - Sales Receipts
  - Reports—includes:
    - Profit and Loss
    - Balance Sheet



Just as you do on your computer, you may access the lists, record transactions, and prepare reports in the App.

Tap the **Back Button** at the top of the Navigation bar, then tap **ACTIVITY** to view the list of recent activities

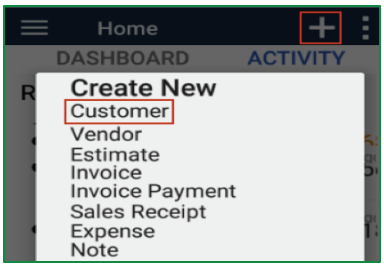
View your recent activities:



CUSTOMERS, INVOICES, SALES RECEIPTS, AND PAYMENTS

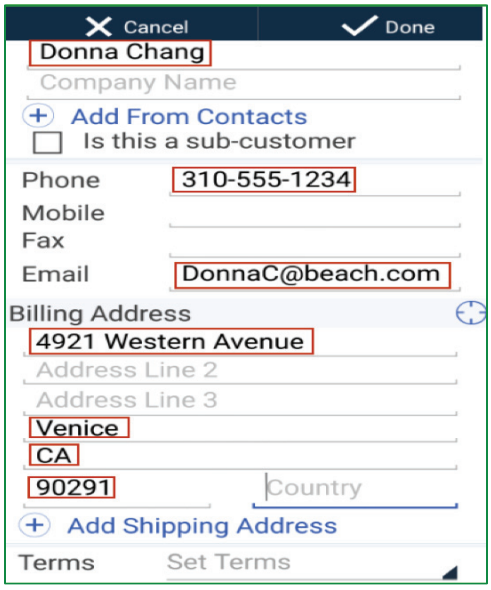
Using QuickBooks Mobile, you can add and edit customers, prepare invoices and sales receipts, and receive customer payments while using your mobile phone or tablet.

Add a New Customer



To add a new customer, tap the **Plus** sign at the top of the Recent Activity screen. Tap **Customer** on the Create New screen

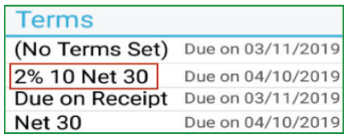
Scroll through the screen and enter the Customer information for **Donna Chang**



- Note: In the Customer's List, her name will be listed as Donna Chang. In QBO Mobile, there is no place to enter her name as Last Name, First Name. This can be corrected in QBO on your computer.

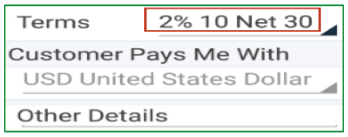
When you are ready to add Terms, tap the drop-down list arrow for Terms

Tap the Terms **2% 10 Net 30**



- Your device will use the current date and will show you the due dates for each of the terms.
- The Terms will be inserted into the customer's account.

If you wish to accept payment other than the USD or add any other details, you will select and/or enter that information next



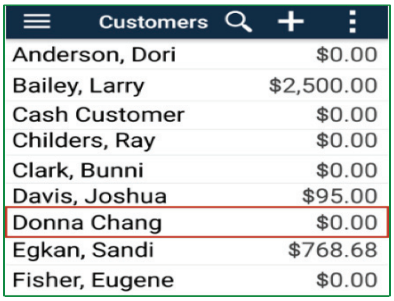
When all information for the new customer has been entered, tap **Done**

Tap the Back arrow to return to Activities

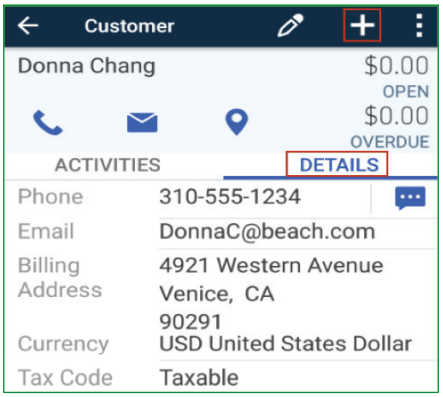
View Customer's Account

Once a customer has been added, you may view the customer's account by tapping the Navigation bar and then tapping **Customers**. Scroll through the Customer's List and view all the customers used during training. Notice that the new customer, Donna Chang, has been added.

- Remember, in the Customers List, you will see Donna Chang.



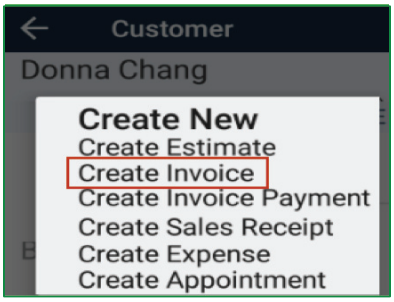
Tap **Donna Chang** in the Customers List, and tap **Details** to see her account information



Create an Invoice

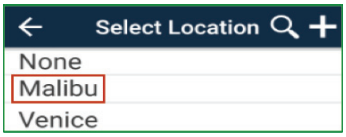
At the top of Donna Chang's Account Details, tap the **Plus** icon

Tap **Create Invoice**

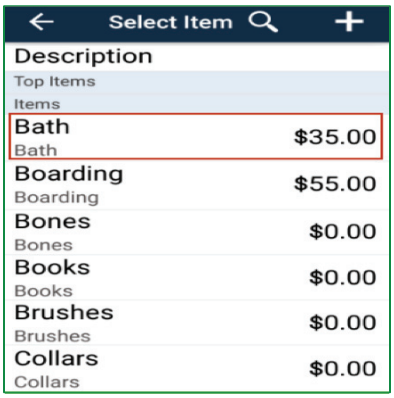


- Her Name and Terms are entered automatically.

On the Invoice, tap the drop-down list arrow for Location, tap **Malibu**

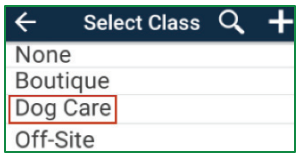


Tap **+ Add Item**, scroll through the Product and Services List, tap **Bath** then tap **Add**



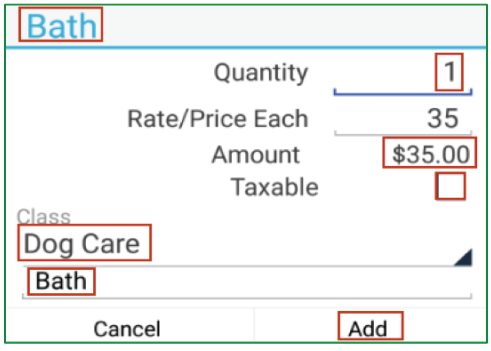
- QuickBooks Online Mobile shows the Quantity of 1 and the price and amount of 35.
- Since Bath is a service item, taxable is not selected.

Click the drop-down list arrow for Class, click **Dog Care**

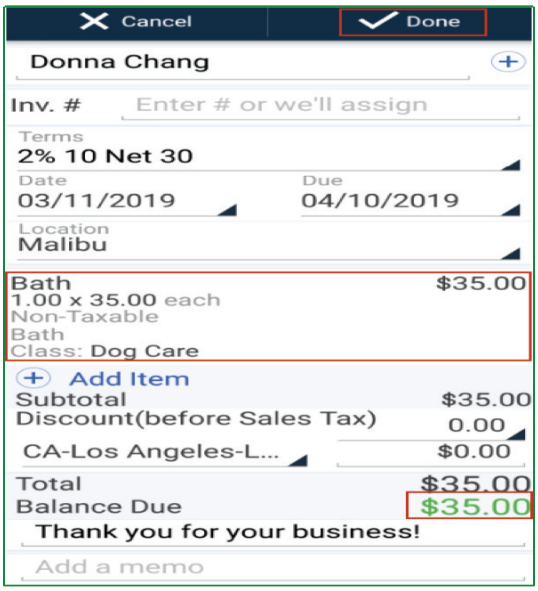


- You will see the completed information for Bath.

To add it to the invoice, tap **Add**

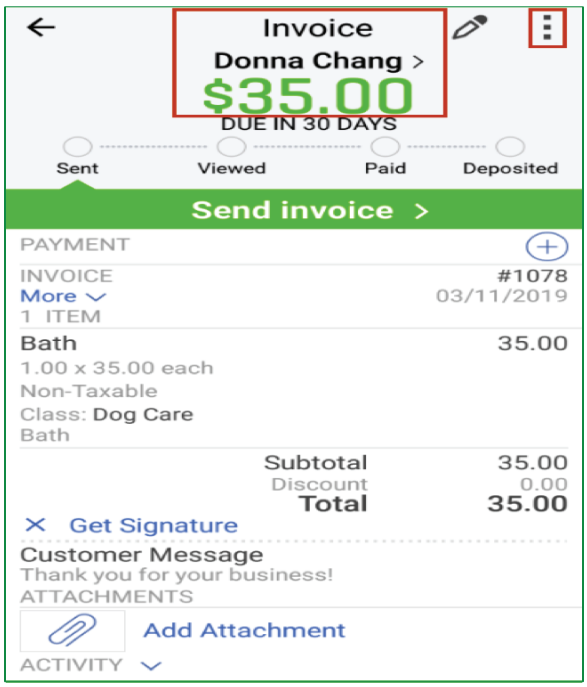


- Bath has been added to the invoice for Donna Chang.



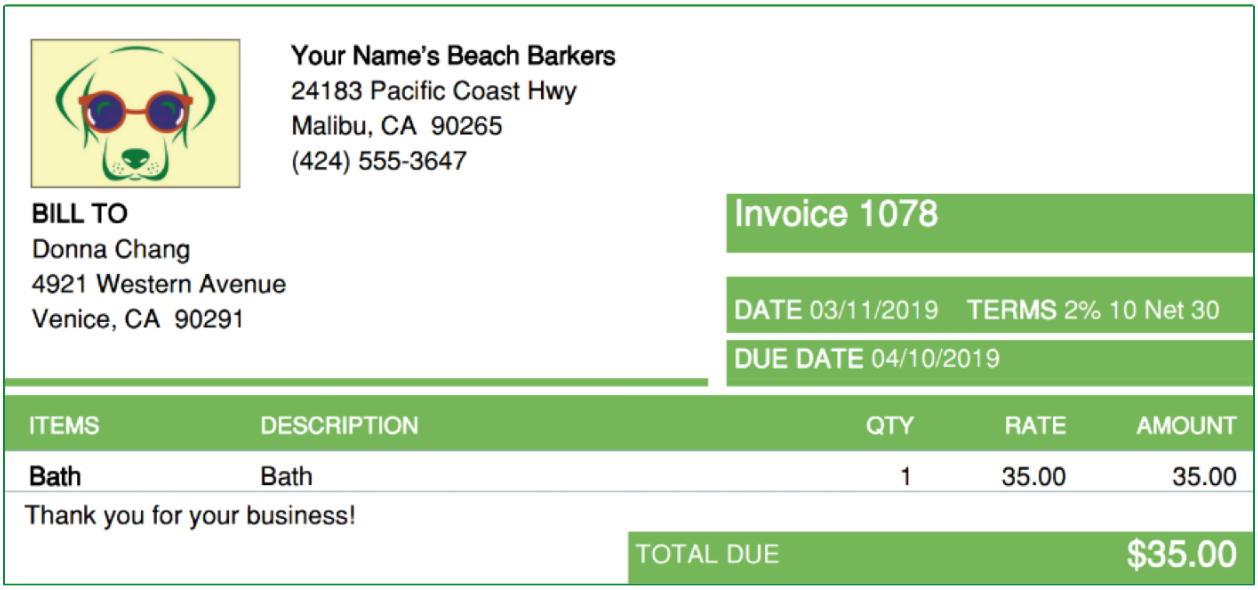
Tap **Done**

- If you wish, to see the Invoice number, Terms, and Location, you would tap **More**.



- To preview the printed invoice, tap the ⋮ at the top of the Invoice, tap **Preview**.
- Your Preview looks just like the Invoices you prepared in QuickBooks Online.

B



Your Name's Beach Barkers
24183 Pacific Coast Hwy
Malibu, CA 90265
(424) 555-3647

BILL TO
Donna Chang
4921 Western Avenue
Venice, CA 90291

Invoice 1078

DATE 03/11/2019 TERMS 2% 10 Net 30

DUE DATE 04/10/2019

ITEMS	DESCRIPTION	QTY	RATE	AMOUNT
Bath	Bath	1	35.00	35.00

Thank you for your business!

TOTAL DUE $35.00

When finished previewing the Invoice, tap the **Back** arrow until you return to the Customers List
Tap the **Menu** icon to return to the Navigation bar

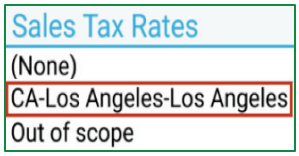
Prepare a Sales Receipt

As you know from your training in QuickBooks Online, the entries for a Sales Receipt are very similar to an Invoice.

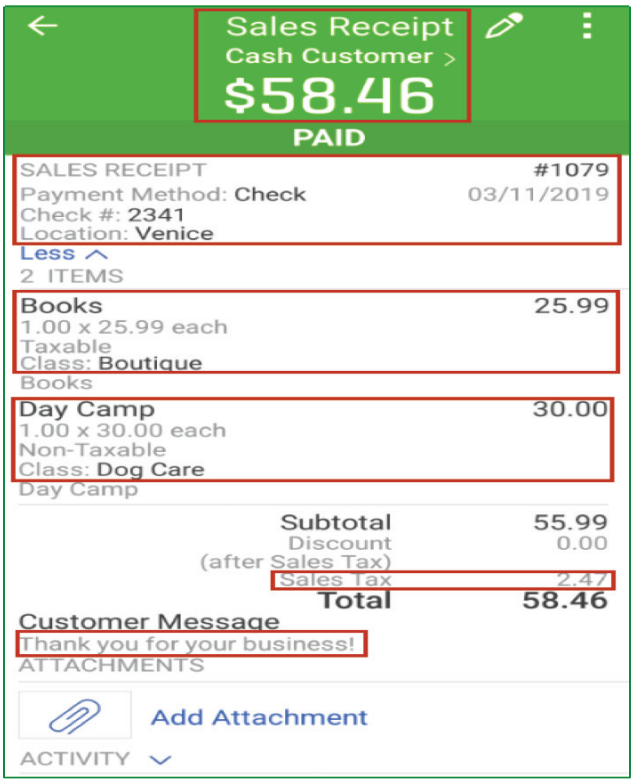
On the Navigation bar, tap **Sales Receipts**, tap the **Plus** icon, and enter the information for a sales receipt

- The invoice was prepared for a service item without sales tax. A product/inventory item is charged sales tax.

Information for the Sales Receipt is: **Cash Customer** used **Check 2341** to purchase a **Book** for **$25.99** plus **Tax** (Class: **Boutique**) and pay for **one** day of **Day Camp** (Class: **Dog Care**) at the **Venice** location



Enter the information for the Sales Receipt
To sell a product that is taxed, you tap the drop-down list arrow for Sales Tax, and tap **California-Los Angeles-Los Angeles**
When finished, click **Done**
To view the Payment method, Check number, and Location, tap **More**
The following screenshot shows you the Sales Receipt for a Cash Customer



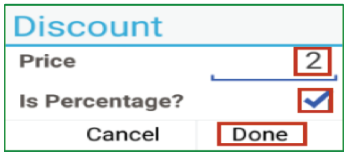
- As in QuickBooks Online, tapping the **Pen** icon allows you to Edit. If you wanted to edit the Sales Receipt, you would click the Pen icon at the top of the receipt and make the changes.

When finished preparing the Sales Receipt, tap the **Back** arrow, tap the **Menu** icon to return to the Navigation bar

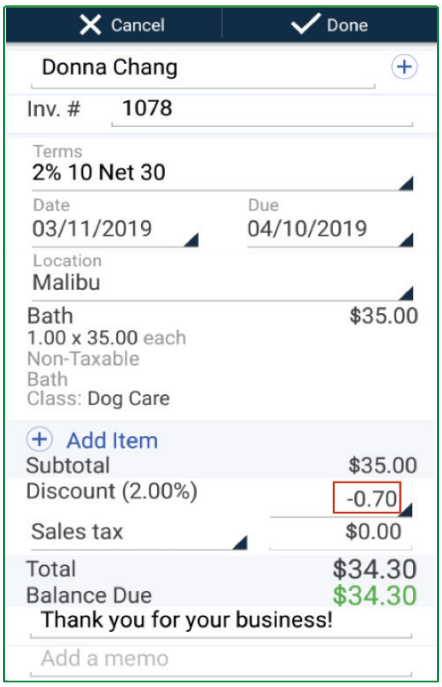
Receive Payments

When you receive a payment without a discount from a customer on account, you select Invoice Payments and record the payment receipt in much the same way as QuickBooks Online. When the customer takes a discount on the invoice, the amount of the discount needs to be entered on the invoice prior to payment—just like QuickBooks Online.

To illustrate the discount, tap **Invoices** on the Navigation bar
Scroll through the list of Invoices
Tap the invoice for **Donna Chang**
Tap the **Pen** icon; tap the drop-down list arrow for **Discount**
Enter the discount percentage **2** for Price; tap the check box for **Is Percentage?** to select, tap **Done**



- QuickBooks Online Mobile calculates the amount of the discount and enters it in the Invoice.



Tap **Done** after reviewing the information for the discount

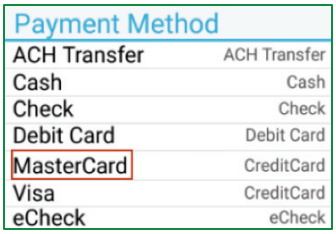
- When you return to the Invoice, notice that the balance is $34.30.

Tap the **Back** button until you see the icon for the Navigation bar

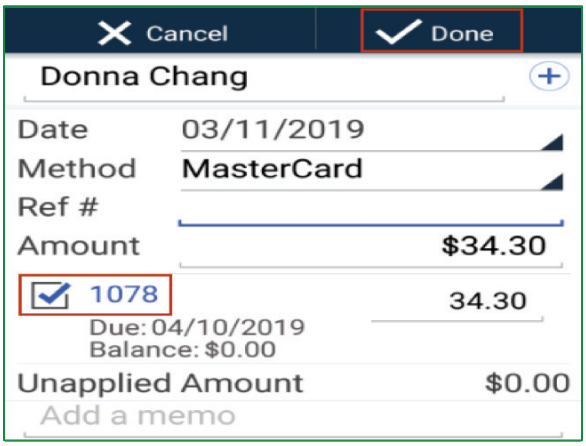
Tap the Navigation bar icon to open, tap the **Plus** on **Invoice Payments**

For Select a Customer, tap the **Plus** icon and select **Donna Chang**

The invoice is being paid with a MasterCard, tap the drop-down arrow for Method, and tap **MasterCard**

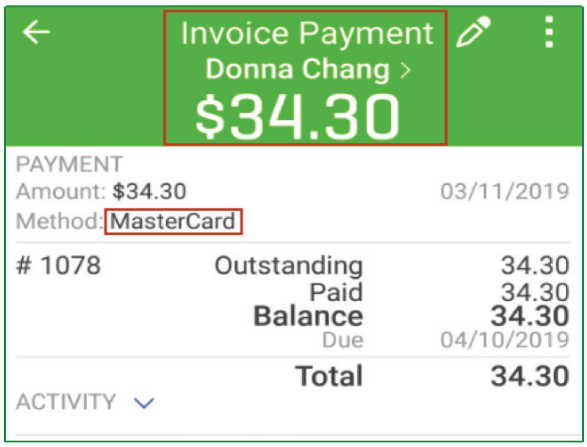


Tap the check box for the Invoice number

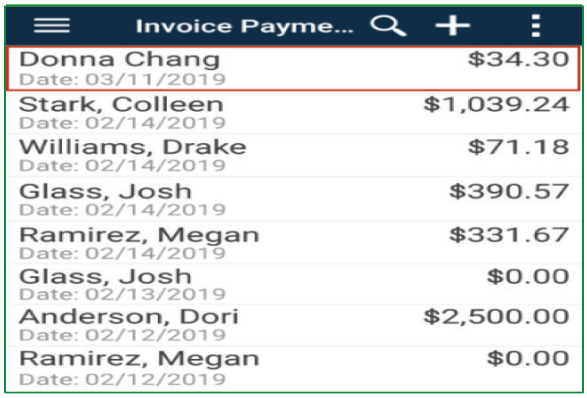


When finished, tap **Done**

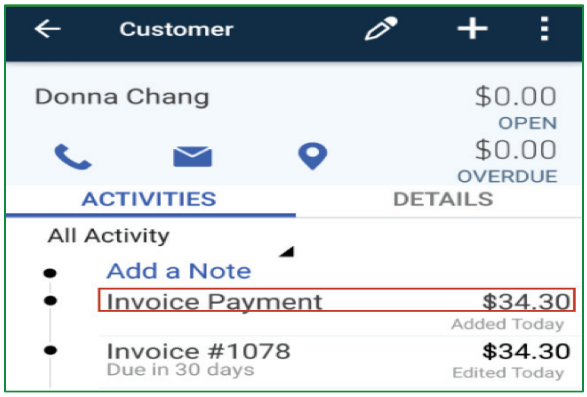
View the information regarding the Invoice Payment



Tap the **Back** arrow to return to the list of Invoice Payments, you should see the Invoice Payment for Donna Chang



Go to the Navigation bar
Open the Customer List, and tap Donna Chang to see that her invoice is marked PAID



EXPENSES

While you cannot record or pay bills in QuickBooks Online Mobile, you may record and pay expenses directly from your phone or tablet.

To illustrate, you went to **Bark City Toys** and purchased some Dog Toys for **$75** specifically for **Ray Childers**. You used the company's **Visa** to pay for the merchandise, the account used is

B

Cost of Goods Sold: Merchandise Purchases, and the Class is **Boutique**. Enter the note: **Bought Toys for Customer** on the line for *Add a Memo*

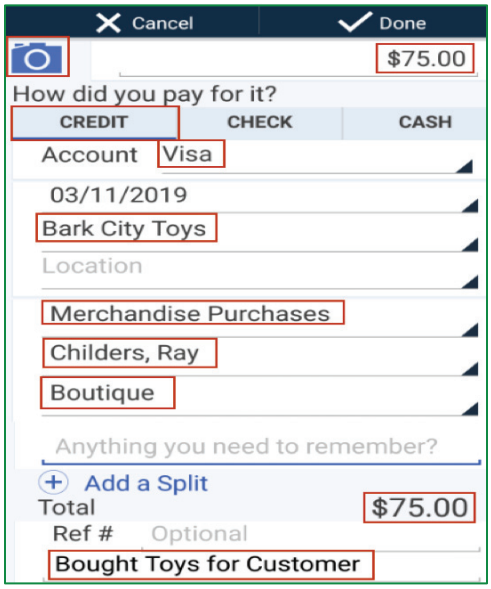
Return to the Navigation bar, tap the **Plus** on **Expenses**; then enter the transaction information

- Look at the top of the Expense, you will see a Camera icon.

Tap the **Camera** icon, select the **source**, take a **picture** of the receipt, and either tap **Discard** or **Save**

- After tapping **Save**, a picture of the receipt is shown in place of the camera icon.

Tap **Done** to save the transaction



REPORTS

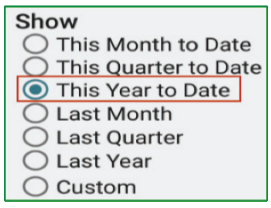
When you tap the Navigation bar and scroll to the **REPORTS** section, you will find Profit and Loss and Balance Sheet reports. Tapping on either of these reports will open the report for the current period. You may select a different date range including this Month, This Quarter, This Year to Date, Last Month, Last Quarter, Last Year, or Custom where you enter your own date.

Profit and Loss

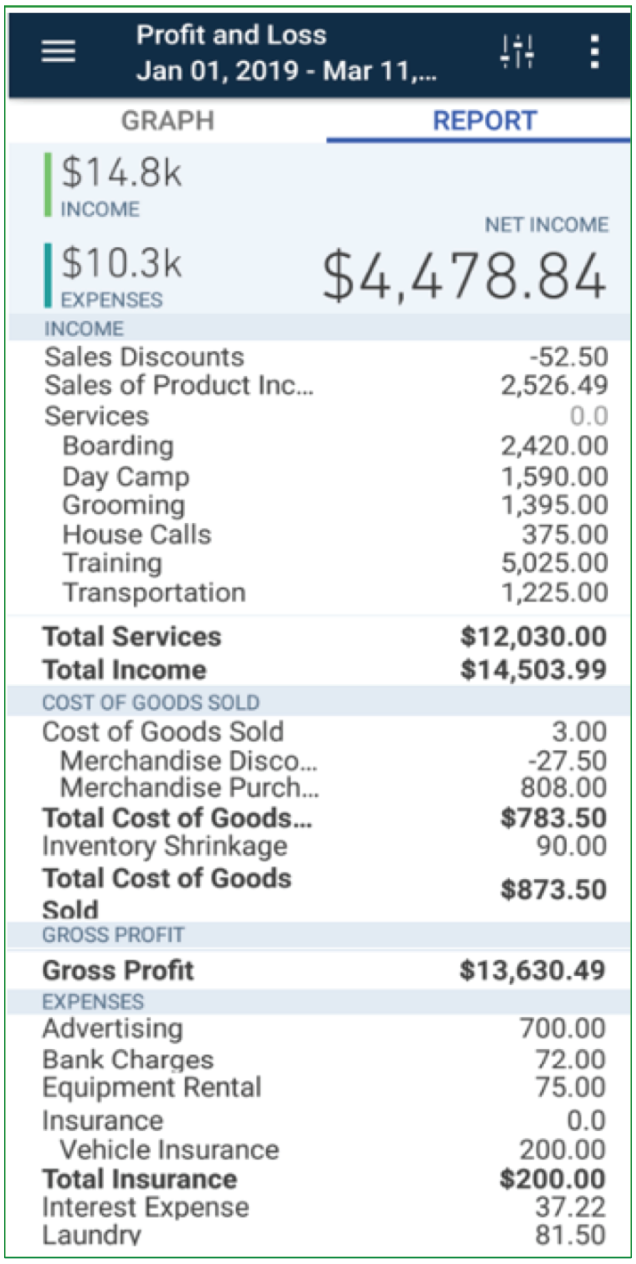
To prepare the Profit and Loss report, tap **Profit and Loss** on the Navigation bar. You will see two choices for displaying Profit and Loss: Graph and Report. Tap **Report**

The report will be shown using the default setting for This Year to Date. If you wish to change the setting, tap the multi-bar icon at the top of the report.

Tap **This Year to Date**



- The report will appear on the screen. As you look at the report, note that the amount of Net Income has changed from the amount you saw in Chapter 8.
- This report includes the amounts for the transactions entered in this appendix.
- As usual, the Profit and Loss report calculates the Net Income:
  Add revenue to determine the Total Income
  Total Income - Cost of Goods Sold = Gross Profit
  Gross Profit - Total Expenses = Net Operating Income
  Net Operating Income + Other Income - Other Expenses = Net Income



Profit and Loss
Jan 01, 2019 - Mar 11,...

GRAPH | REPORT

$14.8k INCOME

$10.3k EXPENSES

NET INCOME $4,478.84

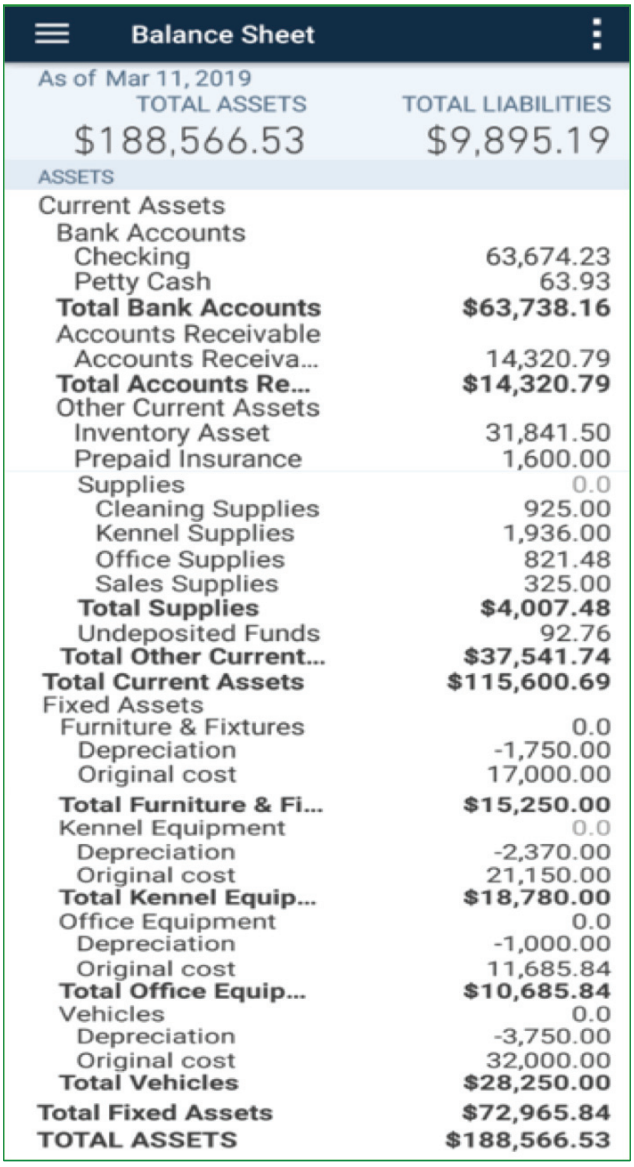
INCOME	
Sales Discounts	-52.50
Sales of Product Inc...	2,526.49
Services	0.0
Boarding	2,420.00
Day Camp	1,590.00
Grooming	1,395.00
House Calls	375.00
Training	5,025.00
Transportation	1,225.00
Total Services	**$12,030.00**
Total Income	**$14,503.99**
COST OF GOODS SOLD	
Cost of Goods Sold	3.00
Merchandise Disco...	-27.50
Merchandise Purch...	808.00
Total Cost of Goods...	**$783.50**
Inventory Shrinkage	90.00
Total Cost of Goods Sold	**$873.50**
GROSS PROFIT	
Gross Profit	**$13,630.49**
EXPENSES	
Advertising	700.00
Bank Charges	72.00
Equipment Rental	75.00
Insurance	0.0
Vehicle Insurance	200.00
Total Insurance	**$200.00**
Interest Expense	37.22
Laundry	81.50
Rent or Lease	4,400.00
Repair & Maintenance	0.0
Computer Repair	200.00
Vehicle Repair	212.50
Total Repair & Maint...	**$412.50**
Supplies Expense	0.0
Cleaning Supplies E...	252.00
Kennel Supplies Ex...	310.00
Office Supplies Exp...	231.47
Sales Supplies Exp...	175.00
Total Supplies Expe...	**$968.47**
Telephone Expense	129.95
Utilities	0.0
Electric	164.75
Gas-Heating	343.50
Water	385.95
Total Utilities	**$894.20**
Vehicle Expenses	126.05
Total Expenses	**$8,096.89**
NET OPERATING INCOME	
Net Operating Income	**$5,533.60**
OTHER INCOME	
Fees Billed	80.00
Interest Earned	175.50
Total Other Income	**$255.50**
OTHER EXPENSES	
Depreciation Expense	1,340.00
Purchase Discounts	-29.74
Total Other Expenses	**$1,310.26**
NET OTHER INCOME	
Net Other Income	**-$1,054.76**
NET INCOME	
Net Income	**$4,478.84**

Accrual basis

Balance Sheet

The Balance Sheet is just like the ones prepared in QuickBooks Online and proves the fundamental accounting equation: Assets = Liabilities + Owner's Equity. As with the Profit and Loss report, open the Navigation bar, scroll through the selections available until you get to Balance Sheet, and tap **Balance Sheet** and it will appear on the screen.

B



Balance Sheet

As of Mar 11, 2019

TOTAL ASSETS	TOTAL LIABILITIES
$188,566.53	$9,895.19

ASSETS	
Current Assets	
Bank Accounts	
Checking	63,674.23
Petty Cash	63.93
Total Bank Accounts	**$63,738.16**
Accounts Receivable	
Accounts Receiva...	14,320.79
Total Accounts Re...	**$14,320.79**
Other Current Assets	
Inventory Asset	31,841.50
Prepaid Insurance	1,600.00
Supplies	0.0
Cleaning Supplies	925.00
Kennel Supplies	1,936.00
Office Supplies	821.48
Sales Supplies	325.00
Total Supplies	**$4,007.48**
Undeposited Funds	92.76
Total Other Current...	**$37,541.74**
Total Current Assets	**$115,600.69**
Fixed Assets	
Furniture & Fixtures	0.0
Depreciation	-1,750.00
Original cost	17,000.00
Total Furniture & Fi...	**$15,250.00**
Kennel Equipment	0.0
Depreciation	-2,370.00
Original cost	21,150.00
Total Kennel Equip...	**$18,780.00**
Office Equipment	0.0
Depreciation	-1,000.00
Original cost	11,685.84
Total Office Equip...	**$10,685.84**
Vehicles	0.0
Depreciation	-3,750.00
Original cost	32,000.00
Total Vehicles	**$28,250.00**
Total Fixed Assets	**$72,965.84**
TOTAL ASSETS	**$188,566.53**

LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payabl...	5,214.00
Total Accounts P...	**$5,214.00**
Credit Cards	
Visa	75.00
Total Credit Cards	**$75.00**
Other Current Liab...	
California Depar...	238.81
Total Other Curre...	**$238.81**
Total Current Liabil...	**$5,527.81**
Long-Term Liabilities	
Loans Payable	0.0
Equipment Loan	1,941.06
Furniture & Fixtu...	2,426.32
Total Loans Paya...	**$4,367.38**
Total Long-Term Li...	**$4,367.38**
Total Liabilities	**$9,895.19**
Equity	
Opening Balance E...	0.0
Retained Earnings	-4,466.55
Your Name, Capital	121,924.05
Your Name, Drawi...	0.0
Your Name, Invest...	56,735.00
Total Your Name, C...	**$178,659.05**
Net Income	4,478.84
Total Equity	**$178,671.34**
TOTAL LIABILITIES AND EQUITY	**$188,566.53**

Accrual basis

- If you do not see California Department,… for $238.81, that is fine. Remember, that when you paid your sales tax payment it was due March 20, which is after the date the text was written. This may change some of the totals and amounts in your report.

If you entered the transactions illustrated in the appendix, delete them at this time. These include the invoice and receive payment for Donna Chang , the sales receipt for Cash Customer, and the Expense recorded for the purchase of Dog Toys for Ray Childers from Bark City Toys.

To do this, click the Menu icon at the top of the Balance Sheet
Scroll through the list, click **Home,** click **Activity**
On the List of Recent Activity, click the **Expense** for Bark City Toys, click , click **Delete**, on the screen for: *Are you sure you want to delete this transaction?*, click **Delete**
Repeat the same steps to delete the Invoice and Invoice Payment for Donna Chang and the Sales Receipt for Cash Customer
When finished, press the Home button (bottom center of the Android phone) to exit the App

ADDITIONAL FEATURES

C

This appendix will explore recurring transactions, list management, add users and access rights, privacy button, timesheets and time tracking, bad debts, attachments, and cash vs. accrual reports. It is written for you to read. If you wish to follow the steps and examples shown, feel free to do so; however, the appendix is designed as an enhancement rather than actual training. Anything entered into Your Name's Beach Barkers should be deleted after working through Appendix C. If Your Name's Beach Barkers is used for any additional or supplemental assignments, your totals will not match if you keep the transactions as part of Your Name's Beach Barkers.

RECURRING TRANSACTIONS

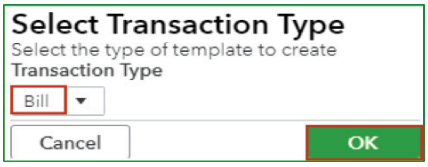
For transactions that are recorded every month, it is possible to create Recurring Transactions. You may create Recurring Transactions for a variety of transactions that occur on a regular basis. If you wish to complete the transactions shown as illustrations, it is extremely important that you complete the Create Recurring Transactions section using the current date. Then continue with the section for Complete Recurring Transactions tomorrow.

There are three ways to setup Recurring Transactions: Scheduled, Reminder, and Unscheduled. Scheduled transactions are automatically recorded. Costs such as Rent that recur every month are ideal to set up as a Scheduled recurring transaction. If you schedule a check for the rent, the check is automatically prepared on the date scheduled. Reminder is a good selection if you have transactions with a fixed schedule but different amounts each month, utility bills for example. On the date for the Reminder, you access the Recurring Transactions List, click Reminder, and you will see the transactions with Reminder Templates. Within Reminders, you may complete the recurring transaction. Finally, recurring transactions may be Unscheduled. These transactions are not processed on a set date; however, the data you choose to save will be available to use as a starting point to finish a transaction.

Create Recurring Transactions

The examples shown will create a Reminder Bill for the Venice Rent and will create a Scheduled Check for the Malibu Rent.

Open **Your Name's Beach Barkers**
Click the **Gear** icon; click **Recurring Transactions** in the Lists column
Click the **New** button to set up a recurring transaction for the Venice rent
Click the drop-down list arrow next to Bill, scroll through the list of transactions to see which types can be made recurring



Click **Bill**
Click **OK**
Create the Recurring Bill template:

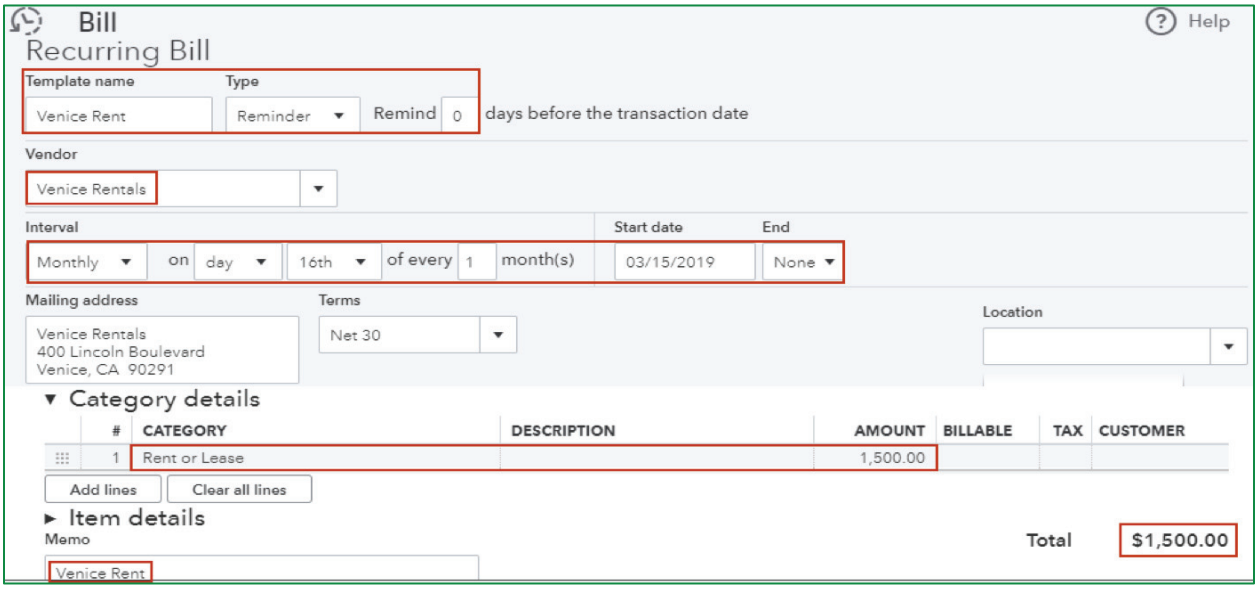
- A template is a way to save transaction data without immediately creating a transaction. When it is time to enter the transaction, the template is used, and the data is entered from the template automatically.

Template name: **Venice Rent**

Type: **Reminder**
Remind **0** days before the transaction date
Vendor: **Venice Rentals**
Interval: **Monthly** on **day** (tomorrow's date) of every **1** month(s)

- You cannot select an interval date or a start date on or earlier than the current date. As a result, use the day after the current date. For example, the current date at the time of this writing is March 15, 2019 so the illustration uses March 15, 2019 for the Start date with the Interval beginning on the 16th day of every 1 month.

Start date: **Current date**
End: **None**
Mailing Address: Completed by QuickBooks Online
Terms: **Net 30**
Location: Leave blank because we do not categorize expenses by location
Account: **Rent or Lease**
Amount: **1500**
Memo: **Venice Rent**



Click the **Save template** button at the bottom right of the template
Create a **New** template for a Recurring **Check** for Malibu Rent

- Rather than create a bill for the Malibu Rent and then have to write a payment check, QBO will create the check automatically.

Template name: **Malibu Rent**
Type: **Scheduled**
Create **2** days before the transaction date
Payee: **Malibu Rentals**
Account: **Checking**
Interval: **Monthly** on **day** (tomorrow's date) of every **1** month(s)

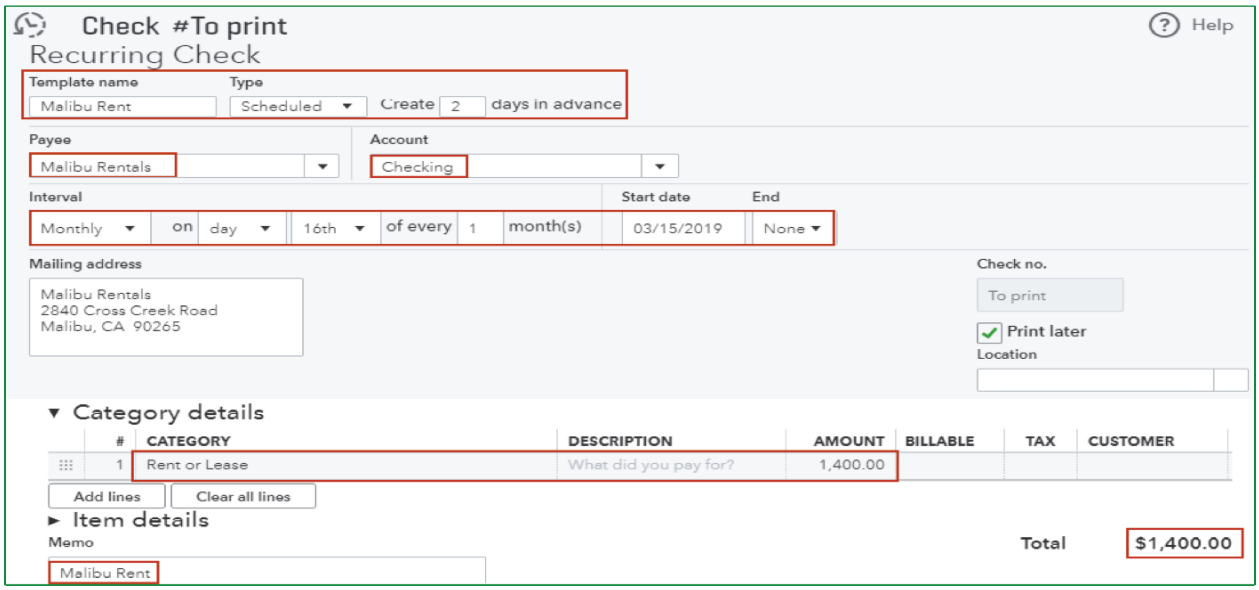
- You cannot select an interval date or a start date on or earlier than the current date. As a result, use the day after the current date. For example, the current date at the time of this writing is March 15, 2019 so the illustration uses March 15, 2019 for the Start date with the Interval beginning on the 16th day of every 1 month.

Start date: **Current date**
End: **None**

Mailing Address: Completed by QuickBooks Online

- If necessary, click **Print Later** to select.

Location: Leave blank because we do not categorize expenses based on Location
Category: **Rent or Lease**
Amount: **1400**
Memo: **Malibu Rent**



Click the **Save template** button
On the List for Recurring Transactions, click the drop-down list arrow next to **Reminder List**, click **Run Report**

- You will see the two templates and the information for: Transaction Type, Template Name, Previous Date, Next Date (date the templates should be processed), Name (Vendor in the example), Memo/Description, Account, and Amount.

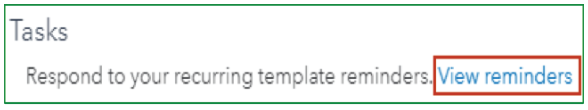
Your Name's Beach Barkers
RECURRING TEMPLATE LIST

TRANSACTION TYPE	TEMPLATE NAME	PREVIOUS DATE	NEXT DATE	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
Scheduled							
Check	Malibu Rent		03/16/2019	Malibu Rentals	Malibu Rent	Checking	-1,400.00
Total for Scheduled							$ -1,400.00
Reminder							
Bill	Venice Rent		03/16/2019	Venice Rentals	Venice Rent	Accounts Payable (A/P)	-1,500.00
Total for Reminder							$ -1,500.00

- If you are completing this exercise, close Your Name's Beach Barkers and continue with the section for List Management. Return to Complete Recurring Transactions tomorrow. If you are not completing it, continue reading.

Complete Recurring Transactions

When you open QuickBooks Online on the scheduled date for the Reminder you will see a Tasks notice on the Dashboard.



Click **View reminders**

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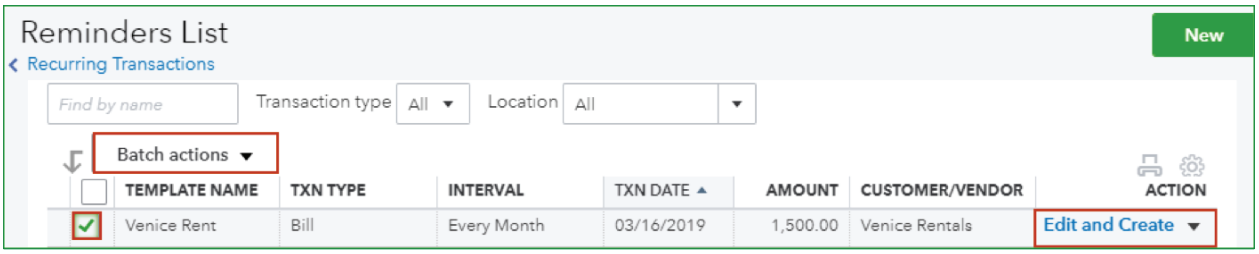
If you do not see Tasks on the Dashboard, click the **Gear** icon; click **Recurring Transactions** in the Lists column, click the drop-down list arrow for Template Type, click **Reminder**

- Only the reminder for Venice Rentals is shown.
- If you are doing this exercise, you will complete this the day after you created the recurring transactions.

Click the check box next to Venice Rent to select, click **Batch actions** or click the drop-down list arrow for **Edit and Create**

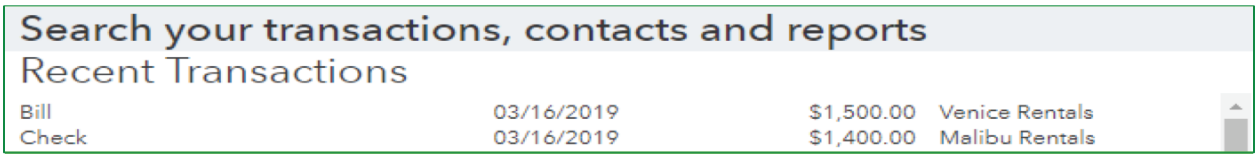


Click **Create** on the drop-down list

- The Bill is prepared using the information from the Template and the Reminder is no longer shown.

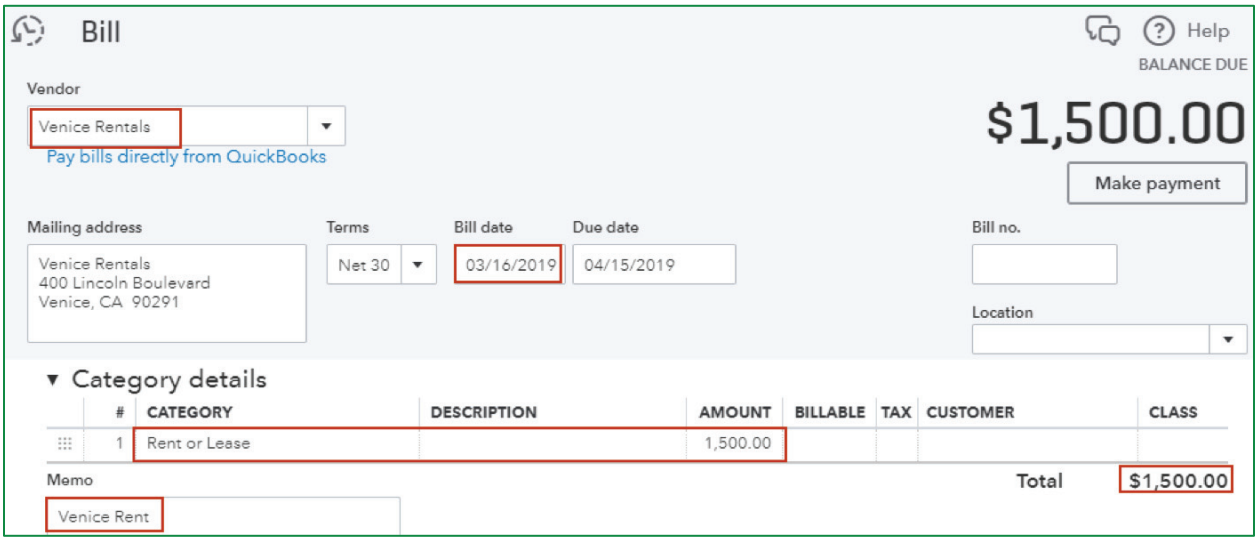
Click the **Search** icon

- You will see the Bill you just recorded. You will also see the Check to Malibu Rentals that was prepared as scheduled.


Search your transactions, contacts and reports
Recent Transactions
Bill 03/16/2019 $1,500.00 Venice Rentals
Check 03/16/2019 $1,400.00 Malibu Rentals

Click the Bill to **Venice Rentals**

- You will see the Bill that was completed using the information from the Template.



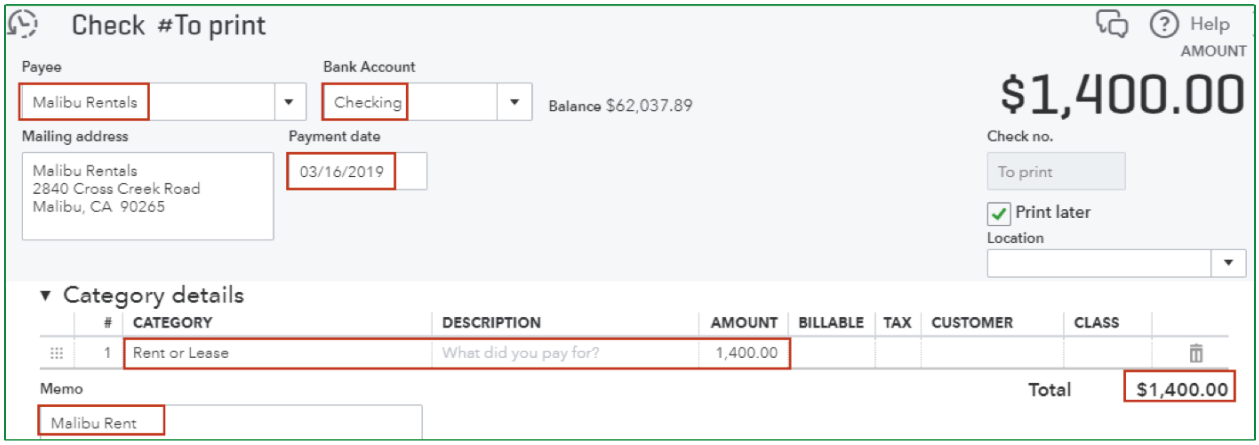
Click **Save and close**

- If you get a message regarding Update the recurring template?, click **Update for all**. This will mean that you will enter this information every time you use the template.

- If you return to the Reminders List, nothing is shown as a reminder.

Click the **Search** icon again; click the check to **Malibu Rentals**

- The check was automatically prepared using the information from the Template.



Click **Save and close**, click **Update for all** on the screen for Update the recurring template? message

LIST MANAGEMENT

As you know from your training, you use lists to organize customers, vendors, products and services, accounts, and many others in QuickBooks Online. In your training, there was never an instance when the same person or company was on more than one list. It is entirely possible, to have a situation where this is appropriate.

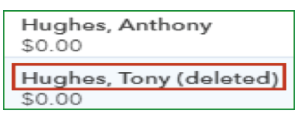
For example, if Your Name's Beach Barkers customer Davis, Joshua also did some work for the company, you would need to have him as both a customer and a vendor. QBO will not allow you to have a customer and vendor with the same exact name. As a result of this, you should use his own name for the customer name and his business name for his vendor name. Thus, you would have Davis, Joshua as the customer and Davis, Web Design as the vendor.

If you have customers or vendors that are duplications, they can be merged together. In addition, some, but not all, accounts may also be merged.

As an example, if your customer Hughes, Anthony is also listed as a customer named Hughes, Tony, the two accounts can be merged together as one.

Access the Customers List, click the account you do not want, **Hughes, Tony**
Change his first name to **Anthony**
Make sure his display name is **Hughes, Anthony**, click **Save**, click **Yes** to confirm the merge

- You will see that Hughes, Tony is marked as deleted.



Vendors are merged the same way as Customers.

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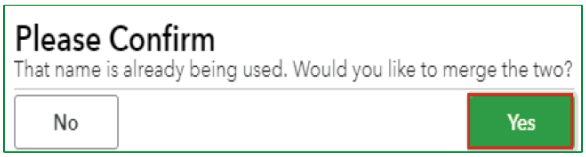
To merge an account, the procedures are similar; however, in the account that you do not want the Name, Detail Type, and the parent account listed in Is sub-account must all be changed to match the account you want to keep. If you are trying to merge a parent account that has subaccounts, you will not be able to do so unless the subaccounts are removed.

As an example, you have an Account and Detail Type: **Other Current Assets** account named **Cleaning Supplies** that is a sub-account of **Supplies**. If you also have the same information for **Cleaning Supplies 1**, the accounts may be merged.

Edit **Cleaning Supplies 1**, change the name to **Cleaning Supplies**, click **Save and close**
On the Please Confirm message, click **Yes**



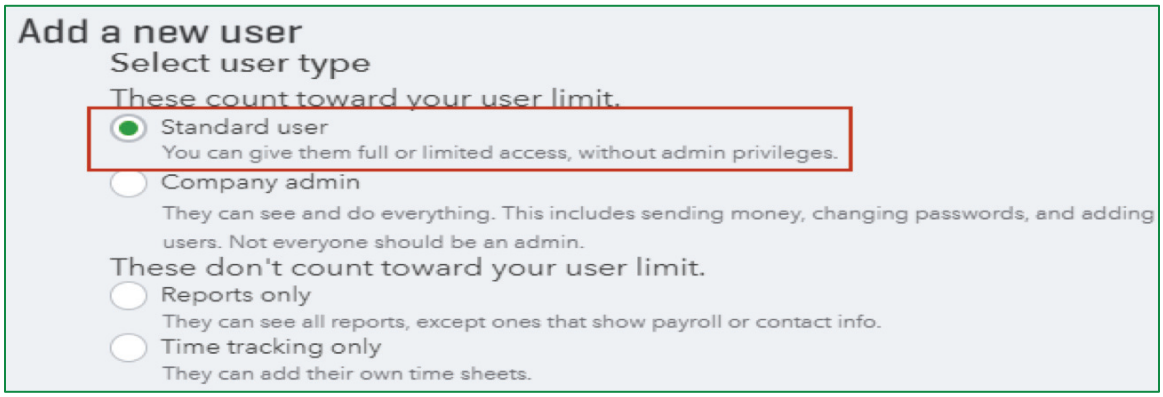
You will no longer see Cleaning Supplies 1 listed as a subaccount of Supplies

ADD USERS AND ACCESS RIGHTS

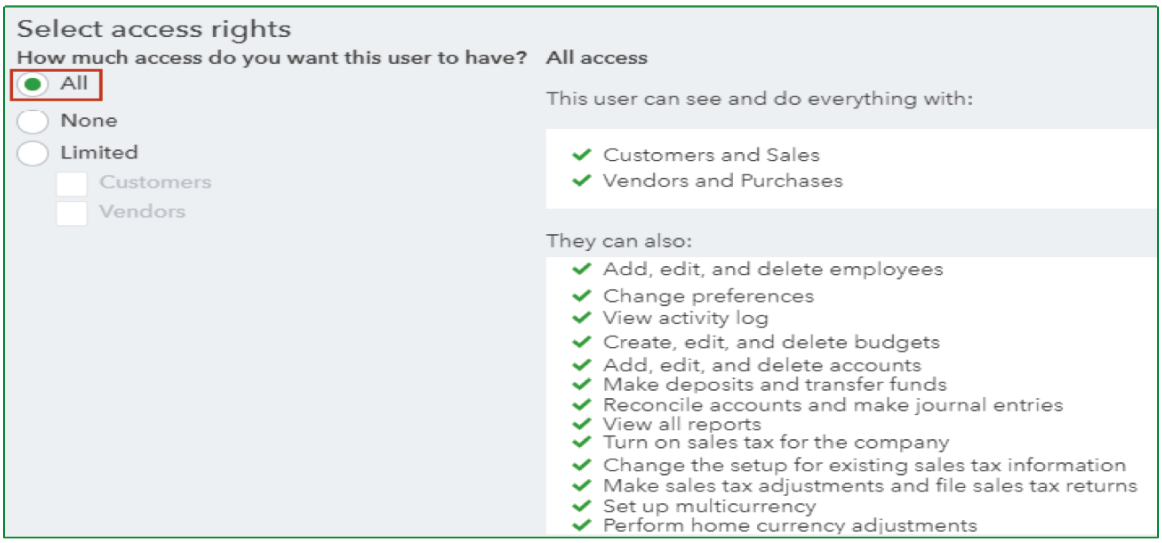
In many companies there is more than one person who uses QuickBooks Online. At the time of this writing, you may have up to five users in QuickBooks Online Plus without any additional charges. In addition, you may have an unlimited number of users that can see only reports or that may use time tracking to complete timesheets.

If you have multiple users, you may not want all of them to have the rights to see or do everything available in QuickBooks Online. Your company must have at least one Master Administrator. Other users may be assigned full or limited access without admin privileges.

To add a new user, click the **Gear** icon, click **Manage Users** in the Your Company list, click the **Add user** button
Select the type of user, then click the **Next** button in the lower-right corner of the page
In the following example, a **Standard user** is being added


Add a new user
Select user type
These count toward your user limit.
Standard user
You can give them full or limited access, without admin privileges.
Company admin
They can see and do everything. This includes sending money, changing passwords, and adding users. Not everyone should be an admin.
These don't count toward your user limit.
Reports only
They can see all reports, except ones that show payroll or contact info.
Time tracking only
They can add their own time sheets.

If the User has All access rights, he or she will be able to see and do everything shown in the following screenshot


Select access rights
How much access do you want this user to have?
All
None
Limited
Customers
Vendors
All access
This user can see and do everything with:
Customers and Sales
Vendors and Purchases
They can also:
Add, edit, and delete employees
Change preferences
View activity log
Create, edit, and delete budgets
Add, edit, and delete accounts
Make deposits and transfer funds
Reconcile accounts and make journal entries
View all reports
Turn on sales tax for the company
Change the setup for existing sales tax information
Make sales tax adjustments and file sales tax returns
Set up multicurrency
Perform home currency adjustments

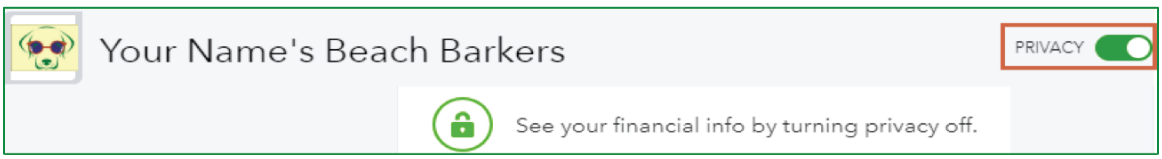
If you click **None** the user will not have access to any of the accounting features but can still be allowed to manage certain things and to submit their own timesheets.

If you click **Limited**, you may specify if they have access to Customers and/or Vendors. Details are provided with a list of what a user can and cannot access.

Click **Dashboard** on the Navigation bar.

PRIVACY BUTTON

There may be times when you do not want anyone to be able to walk by your computer and view any financial information that is typically displayed on your Dashboard. You may eliminate the display of this information by clicking **PRIVACY**. Your Dashboard will no longer show financial information.



If you are using Your Name's Beach Barkers, to explore the materials in this appendix, close it. The next section uses the Test Drive Company.

TIMESHEETS AND TIME TRACKING

When payroll is active, employees can fill out timesheets to allocate their time among different jobs and/or customers. The timesheets are used to calculate the hours worked and are entered for the payroll hours. When you have employees who do specific work for individual customers, you may record the hours worked for each customer on an employee's timesheet. The billable hours may then be added to a customer's invoice.

Open the **Test Drive Company** as previously instructed and **Turn on Payroll**

Click the **Plus** icon, click **Weekly Timesheet** in the Employees column

When the timesheet opens, you will see **Emily Platt** as the employee
Since Emily is not an active employee, click the drop-down list arrow, click **Kari Steblay**

- At the time of this writing, the Test Drive Company was undergoing changes to payroll. If you are working through this and Kari Steblay is not available to be used as an employee on the timesheet, use Emily Platt as the employee. If you use Emily, you will not be able to process a paycheck for her. Just read through that information.

Make sure the dates shown include the current week

- If not, click the drop-down list arrow and select the appropriate dates.

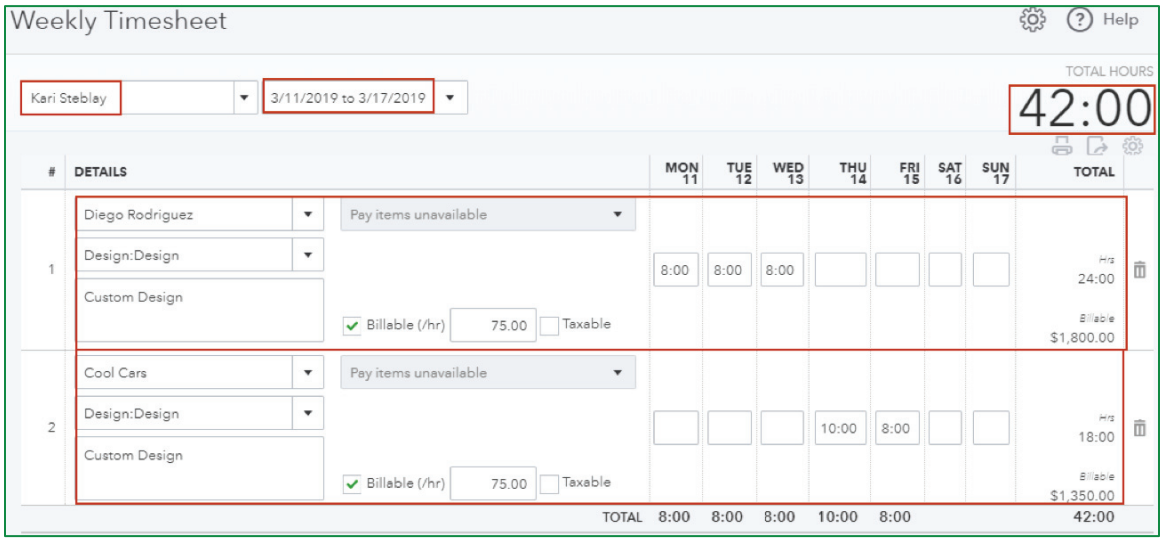
In Line 1, click the drop-down list arrow for **Customer name**, click **Diego Rodriguez**
Click the drop-down list arrow for **Service item**, click **Design**

- If you get a message about replacing your description with the default description, click **Yes**.

Since this work is billable to the customer; if necessary, click the **Billable** check box to select

- The Rate of $75 per hour is now shown. (This is not the amount that Kari is paid.)

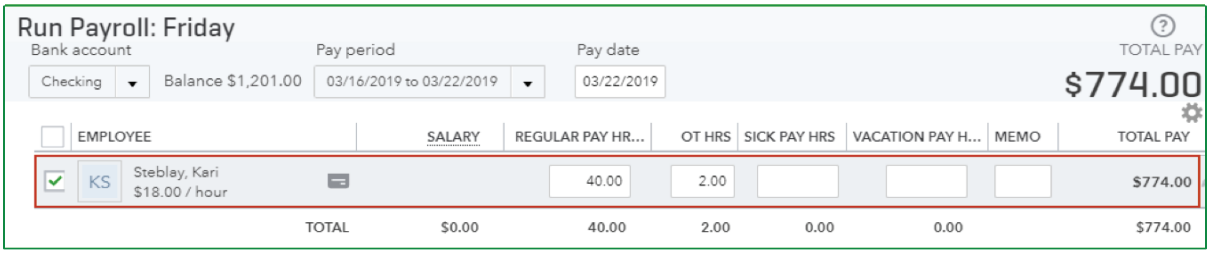
Enter **8** in the text boxes for MON, TUE, and WED
In Line 2, click the drop-down list arrow for **Customer name**, click **Cool Cars**
Select the Service item: **Design**
If necessary, click the **Billable** check box to select and click **Yes** on the message about descriptions
Enter **10** in the text box for THU and **8** in the text box for FRI



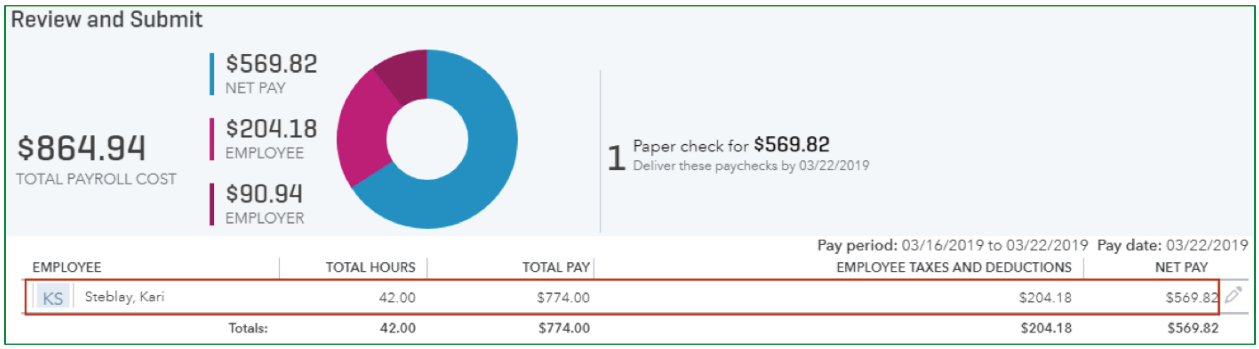
Review the timesheet then click **Save and close**

- If you get a message about the T Sheets app, click **Not now.**
- You should be returned to the Employees List, if not, access it as previously instructed. If you are following along with the test drive and are using Emily as the employee, it will seem as though you will not be able to save the timesheet with an inactive employee's name when you click Save and close. Even though it doesn't appear to be saved, it is.

To process the paycheck, click **Run Payroll**
Click the check boxes for all the employees except Kari Steblay to remove the check mark
If necessary, enter the hours for Kari so she has **40** hours for Regular Pay and **2** OT Hrs, press **Tab**



Click **Preview Payroll**



Click **Submit payroll**

Since the appendix is to be read, do not print the check, just click **Finish payroll**

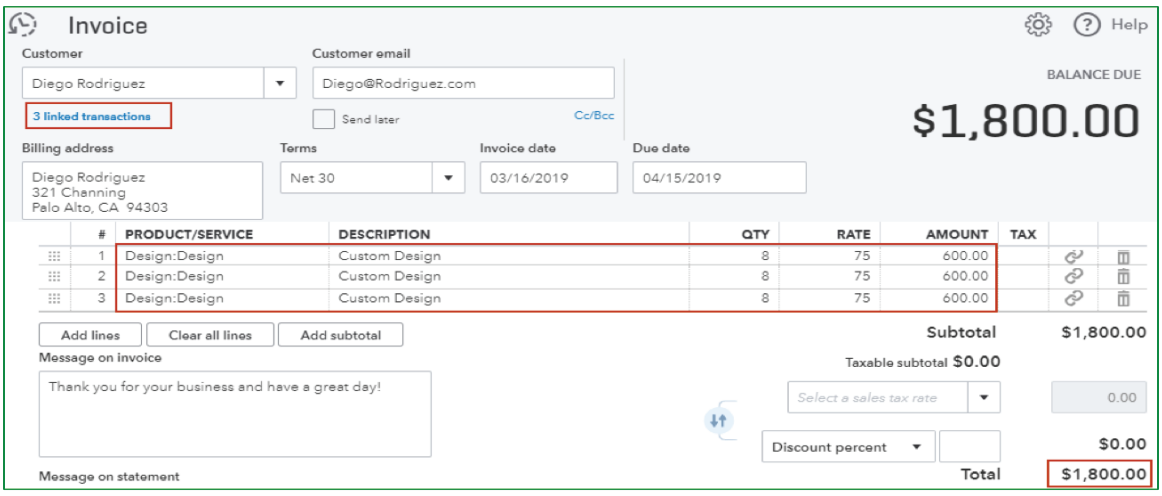
- If you get a screen to pay taxes, click **I'll do it later**.

Click the **Plus** icon, click **Invoice** in the Customers column, and prepare the invoice for **Diego Rodriguez**

- You will see the **Add** pane with three Billable times that may be added to the invoice.

Click **Add all**

- The three days of design were added to the invoice. Notice the 3 linked transactions.



Click **Save and close**

You would repeat the steps to add the billable hours to an invoice for Cool Cars

Do <u>not</u> close the Test Drive Company if you are completing the illustrations

C

BAD DEBTS

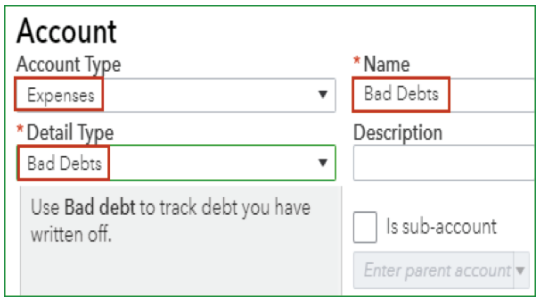
When it becomes clear that you have a customer who is not going to pay the amount owed, you may write off the bad debt. There are two basic ways in which to do this. The first one shown is the Direct Method to write off the bad debt. When you use this method, you write off each individual bad debt at the time it occurs. The second and more appropriate method for companies using accrual-basis accounting is the Allowance for Bad Debts Method.

Direct Write Off Method for Bad Debts

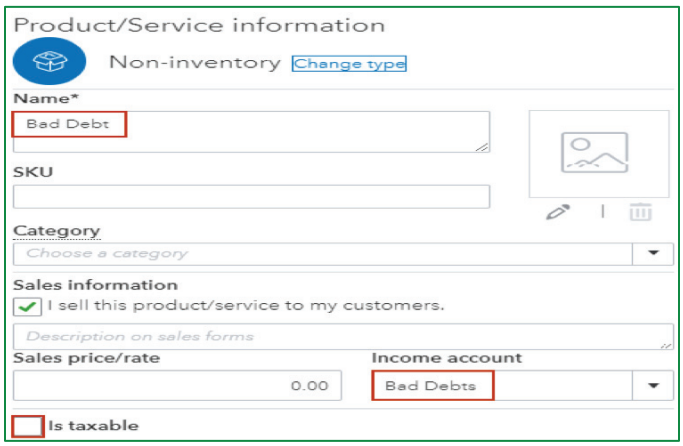
Before you can write off a bad debt, you need to create an expense account for Bad Debts and add a new non-inventory item named Bad Debt. The account and the item will be used when the bad debt is recorded.

Create the Bad Debts account and the Bad Debt non-inventory item:

If you are recording transactions, continue to use the Test Drive Company
Open the **Chart of Accounts**, click **New**
Account type: **Expenses**
Detail type: **Bad Debts**
Name: **Bad Debts**
Click **Save and Close**

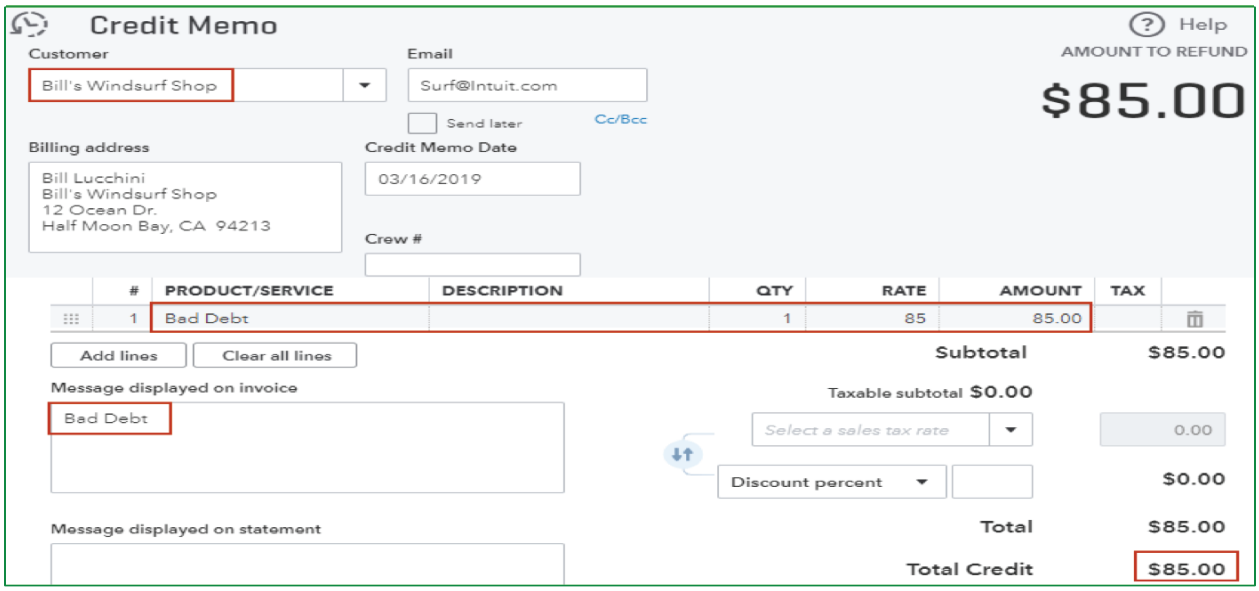


Create a product/service item called: **Bad Debt**
Open the **Products and Services** List, click **New**, select **Non-inventory** item
Name: **Bad Debt**
Income Account: **Bad Debts**
Click to deselect: **Is taxable**
Click **Save and close**



Bill's Windsurf Shop has not paid Invoice 1027. Since the business was closed and Bill moved out of state, write off the Invoice by preparing a Credit Memo. (Invoice was already recorded in the Test Drive Company)

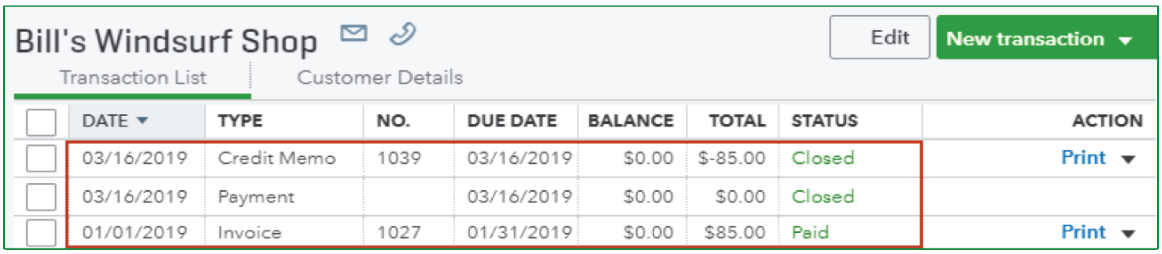
Open a **Credit Memo**
Enter the Customer's information
Click in the text box for PRODUCT/SERVICE, click the drop-down list arrow, and click **Bad Debt**
Tab to AMOUNT and enter **85**, which is the amount of invoice 1027
Message Displayed on Invoice: **Bad Debt**



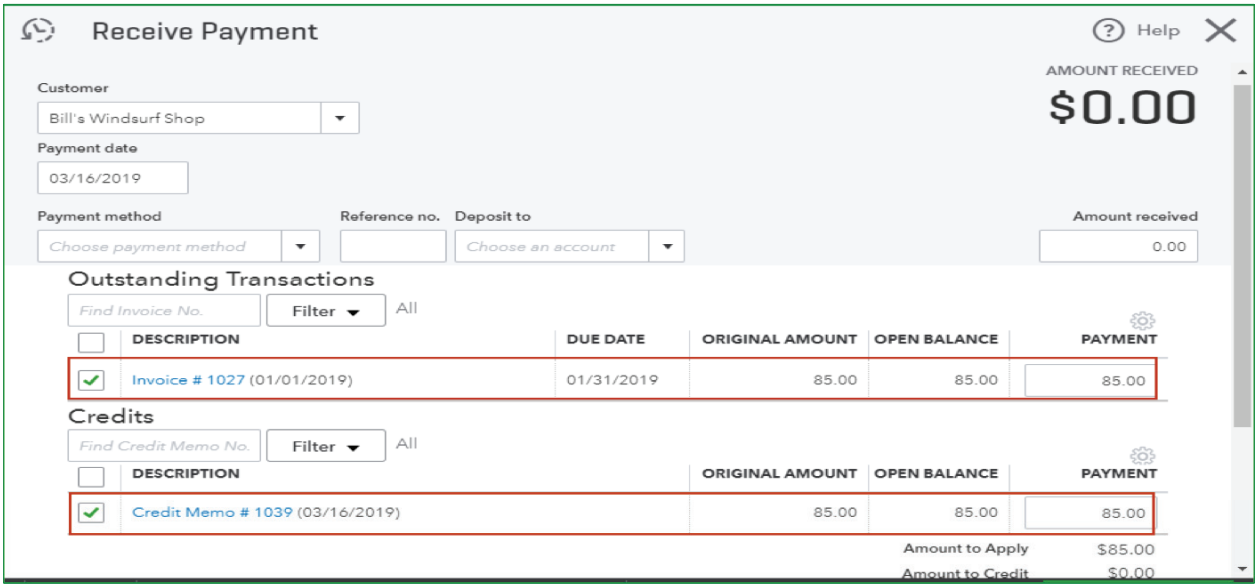
Click **Save and close**

Go to the Account Register for Bill's Windsurf Shop

- You will see Invoice 1027, Credit Memo, and Payment.


Bill's Windsurf Shop
Edit
New transaction
Transaction List
Customer Details
DATE TYPE NO. DUE DATE BALANCE TOTAL STATUS ACTION
03/16/2019 Credit Memo 1039 03/16/2019 $0.00 $-85.00 Closed Print
03/16/2019 Payment 03/16/2019 $0.00 $0.00 Closed
01/01/2019 Invoice 1027 01/31/2019 $0.00 $85.00 Paid Print

Click the **Payment** to see how the invoice and credit memo are linked together



Click **Save and close**

C

- If you were to run a Profit & Loss report, you would see that the Bad Debts expense account shows 85.00.
- You were not instructed to record the transactions. If you did record the illustrated transactions, you will need to delete the Credit Memo and Receive Payment that you entered in this section before continuing to the next section.

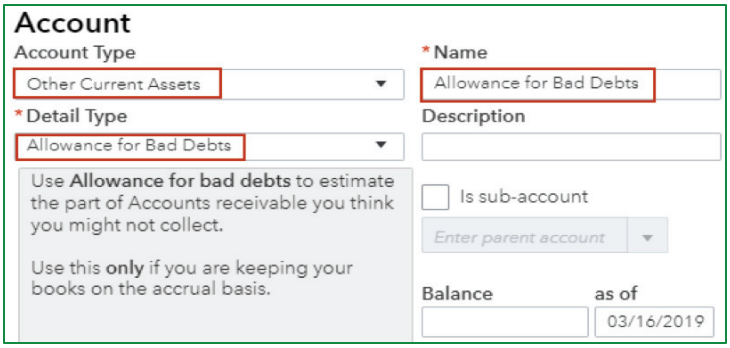
Do not close the Test Drive Company if you are recording the illustration transactions

Allowance Method for Bad Debts

To set up and use the Allowance method for bad debts, your reporting and tax filing must be on an accrual basis. When using the Allowance method, you record an adjusting entry each month and record 1/12th of your estimated bad debts expense for the year.

As was done for the Direct Write Off Method, an expense account for Bad Debts and a non-inventory item for Bad Debt need to be created. Along with creating those, an account for Allowance for Bad Debts needs to be added.

Open the **Chart of Accounts**, click **New**
Account Type: **Other Current Assets**
Detail type: **Allowance for Bad Debts**
Name: **Allowance for Bad Debts**
Click **Save and Close**

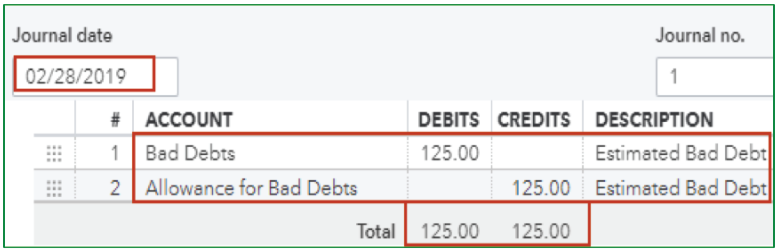


To create a monthly adjusting entry for bad debts expense, you record a journal entry based on 1/12th of the estimated annual bad debt. In the following example, the annual estimated amount of Bad Debts Expense is $1,500. Do the math: $1,500 / 12 = $125, which means that the adjusting entry will be $125 each month.

Record a **Journal Entry** as previously instructed
Journal date: Enter the last day of last month

- In the illustration, the Journal date is 02/28/2019.

Line 1: Account: **Bad Debts**, Debits: **125**, Description: **Estimated Bad Debt**
Line 2: Account: **Allowance for Bad Debts**, Credits: **125**, Description: **Estimated Bad Debt**



Click **Save and close**

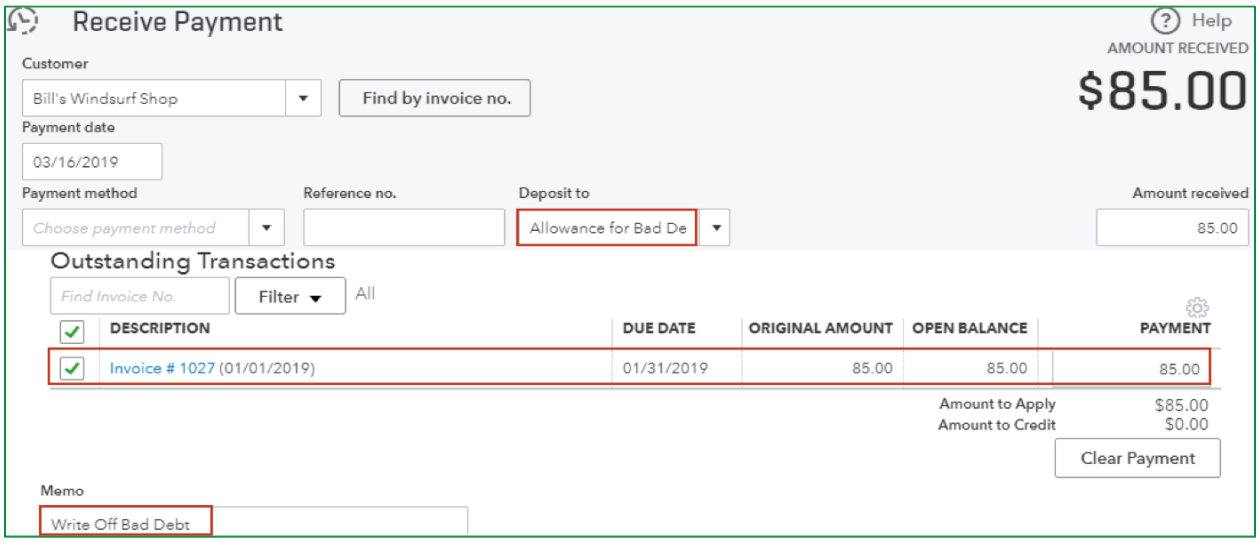
When it is time to write off the bad debt and use part of the Allowance for Bad Debts, a Receive Payments form is completed rather than a Credit Memo.

In the scenario where Bill's Windsurf Shop has not paid Invoice 1027 because the business was closed and Bill moved out of state, write off the Invoice by recording Receive Payment. This will remove the amount due from Bill's Windsurf Shop and use part of the Allowance for Bad Debts.

Open **Receive Payment** as previously instructed
Customer: **Bill's Windsurf Shop**
Date: **Current Date**
Payment Method and Reference No. are left blank
Deposit to: **Allowance for Bad Debts**
Amount received: **85**

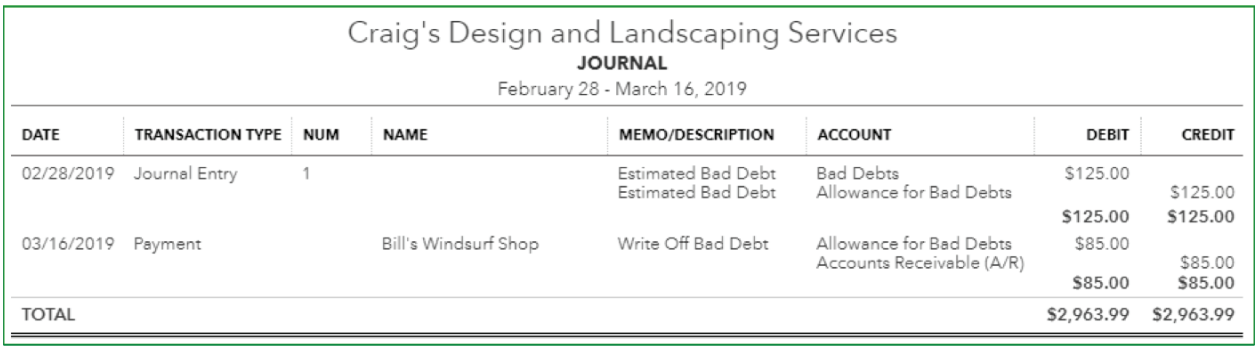
- Note that Invoice 1027 is shown and selected.

Memo: **Write Off Bad Debt**



Click **Save and close**
Go to Reports and prepare the Journal as previously instructed
Date: From: **End of Last Month** To: **Current Date**
View the transactions for Bad Debts

- Note that you may see additional transactions in the Journal.



Craig's Design and Landscaping Services
JOURNAL
February 28 - March 16, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
02/28/2019	Journal Entry	1		Estimated Bad Debt	Bad Debts	$125.00	
				Estimated Bad Debt	Allowance for Bad Debts		$125.00
						$125.00	$125.00
03/16/2019	Payment		Bill's Windsurf Shop	Write Off Bad Debt	Allowance for Bad Debts	$85.00	
					Accounts Receivable (A/R)		$85.00
						$85.00	$85.00
TOTAL						$2,963.99	$2,963.99

Close the Test Drive Company

C

ATTACHMENTS

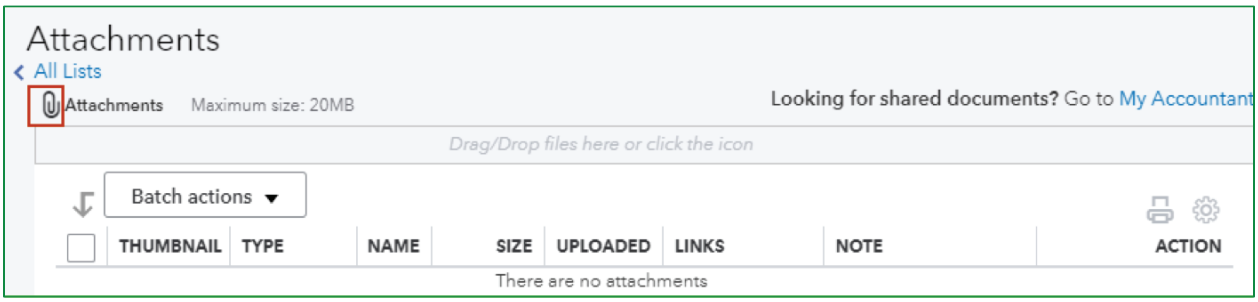
In QuickBooks Online, you can attachment documents, images, PDFs, and more to transactions. As an example, when working in Appendix B Go Mobile, a picture of a receipt was taken and added directly to the Expense that was being recorded.

If you are completing the material in this appendix, open **Your Name's Beach Barkers** on your computer and Add Attachments.

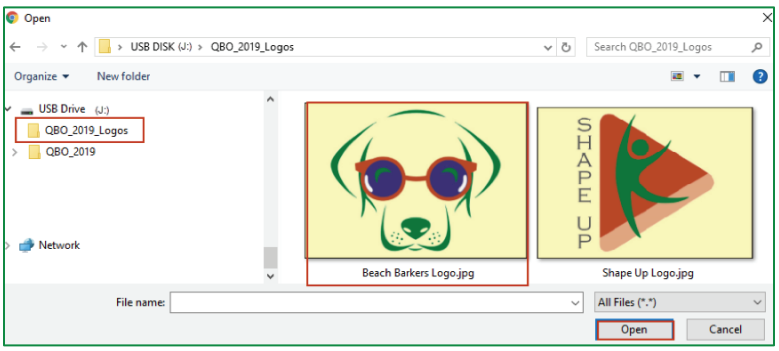
To add a file to the attachment list, click the **Gear** icon, then click **Attachments** in the Lists column
Drag/drop the files from a storage location for your computer or click the **Paperclip** icon and click the **file** in your Documents Library
If you want to use a file from a USB drive, click the **drive**, open any **folders**, and drag the file or click the **file** then click **Open**

For example, the following steps will illustrate Uploading the Beach Barkers Logo as an attachment

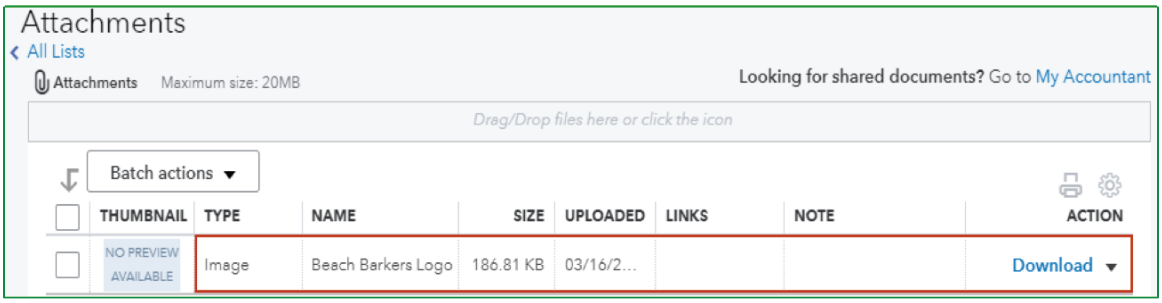
With the Attachments List showing, click the **Paperclip**



Click the **USB** Location where you downloaded the Logo files
Double-click the **Logo** folder, click **Beach_Barkers_Logo**, click **Open**



- When the file has been uploaded to Attachments, it will show in the Attachments List.

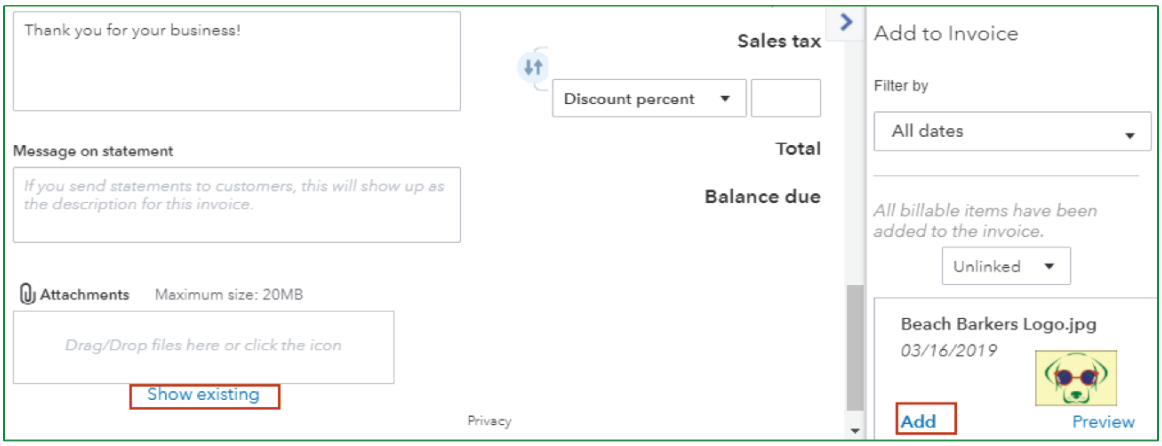


When you want to add an attachment to a business form, an invoice in the example, scroll to the bottom of the form until you find the paperclip

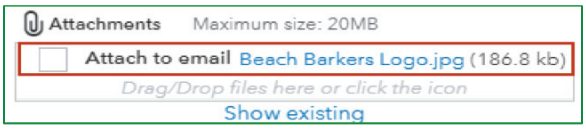
- You may Drag/drop your files from the storage location or use an existing file.

To select a file already inserted into QuickBooks Online, click **Show existing**
The attachment will show in the Add to Invoice pane, click **Add**

- You may need to click the drop-down list arrow for Unlinked, and then click All.



The attachment has been added to the form


Attachments Maximum size: 20MB
Attach to email Beach Barkers Logo.jpg (186.8 kb)
Drag/Drop files here or click the icon
Show existing

CASH VS. ACCRUAL REPORTS

As you learned in the chapters, you may use the Cash Basis or the Accrual Basis of accounting. Throughout the text, the Accrual Basis of accounting was used because this allows for a more accurate view of your company at any given time. Also, some of the features available in QuickBooks online may not be used with the Cash Basis of accounting. There are certain companies, however, that use Cash Basis because it is appropriate for them.

Remember, Cash Basis shows income when the payment is received regardless of when the sale was made while Accrual Basis shows income when the sale is made regardless of when the payment is received. In Cash Basis an expense is incurred when it is paid; while in Accrual Basis, an expense is incurred when the bill is received.

To change your company from Accrual Basis to Cash Basis, click the **Gear** icon, click **Account and Settings** in the Your Company column
Click the **Advanced** tab, click the **Pen** icon for **Accounting**
Click the drop-down list arrow for **Accounting method**, click **Cash**, click **Save**, click **Done**

Even if you do not change your accounting basis from accrual to cash, you can select either accounting method when you prepare reports.

For example, in this appendix recurring transactions were recorded. These include a bill for the rent $1,500 for Venice, which was prepared, and a check for $1,400 for Malibu rent was written automatically by QBO. For the purposes of illustration an invoice for Brandon Scott for a total of $1,665 was prepared. In addition, a sales receipt for Pamela Vines for a total of $1,465 was also prepared. She paid for this using a check.

When you use Accrual Basis accounting, all the income was earned at the time of sale. This was $3,130. With Cash Basis accounting, the only income earned would be the $1,465, which was paid for with a check from Pamela Vines.

For expenses, Accrual Basis accounting would show a total of $2,900 as Rent Expense because both a bill and a check were prepared for rent. Cash Basis accounting would show a total of $1,400 for Rent Expense because the rent for Malibu was paid.

Accrual Basis Profit and Loss Report

Prepare the Profit and Loss report for March 6, 2019 using Accrual accounting method:

As you review the report, you will see that the income is $3,130.00. This is the total of the invoice for $1,665 and the sales receipt for $1,465. The expenses are $2,900, which is the total of the $1,500.00 for Venice rent and $1,400 for Malibu rent. This leaves a Net Income of $230.

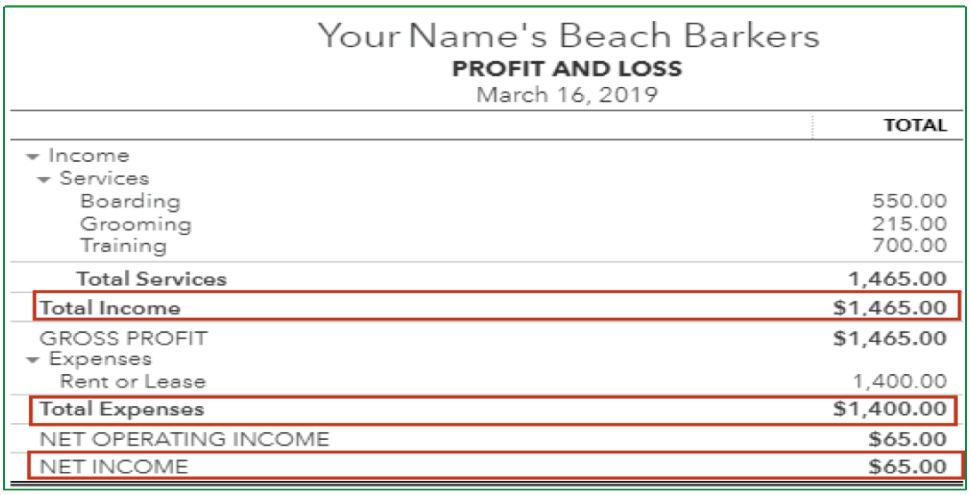
Your Name's Beach Barkers
PROFIT AND LOSS
March 16, 2019

	TOTAL
Income	
Services	
Boarding	1,100.00
Grooming	505.00
Training	1,400.00
Transportation	125.00
Total Services	3,130.00
Total Income	$3,130.00
GROSS PROFIT	$3,130.00
Expenses	
Rent or Lease	2,900.00
Total Expenses	$2,900.00
NET OPERATING INCOME	$230.00
NET INCOME	$230.00

Cash Basis Profit and Loss Report

Prepare the Profit and Loss report for March 6, 2019 using Cash accounting method:
To do this, click **Cash** as the **Accounting method** at the top of the report, click **Run report**

As you review the report, you will see that the income is $1,465.00. This is the amount of the sales receipt for $1,465. The expenses are $1,400, which is the amount of the Malibu rent of $1,400 that was paid. This leaves a Net Income of $65.



Your Name's Beach Barkers
PROFIT AND LOSS
March 16, 2019

	TOTAL
Income	
Services	
Boarding	550.00
Grooming	215.00
Training	700.00
Total Services	1,465.00
Total Income	$1,465.00
GROSS PROFIT	$1,465.00
Expenses	
Rent or Lease	1,400.00
Total Expenses	$1,400.00
NET OPERATING INCOME	$65.00
NET INCOME	$65.00

Comparison

Review the following chart to see the differences in income, expenses, and net income between the two accounting methods used.

ACCRUAL BASIS		CASH BASIS	
Income	$3,130.00	**Income**	$1,465.00
Expenses	2,900.00	**Expenses**	1,400.00
Net Income	$230.00	**Net Income**	$65.00

If you chose to complete the transactions shown in the appendix, delete them at this time. They include the recurring transaction for Venice Rent and Malibu Rent and the entries for those transactions.

To delete the Recurring Transactions, click the **Gear** icon, click **All Lists**, click **Recurring Transactions**, click the drop-down list arrow next to Edit, and click **Delete**. On the screen for Are you sure you want to delete this?, click **Yes.** Go to the checks prepared for Venice Rent and Malibu Rent and delete as previously shown in the chapters.

QUICKBOOKS ONLINE ACCOUNTANT

As an accountant, you may register for QuickBooks Online Accountant (QBOA). The free subscription will remain activated as long as you have clients who have selected you as their accountant. QBOA allows you to have direct access into your clients' company files. It also allows you to create your own QuickBooks Online Plus Company and will automatically add each client as a customer in your company.

As part of the QuickBooks Online Accountant program, accountants are automatically enrolled in the QuickBooks ProAdvisor program. Some of the advantages of this program include technical support, the ability to earn QuickBooks certification, and participation in software offers for your clients. At the time you activated your QBOA account, you were automatically enrolled in ProAdvisor.

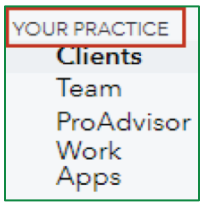
This appendix is designed to be read by students in order to become familiar with QuickBooks Online Accountant.

QUICKBOOKS ONLINE ACCOUNTANT (QBOA)

In QuickBooks Online Accountant, you have access to your clients' company files and access to your own version of QuickBooks Online Plus. Using this design, the program enables you to view and make changes to certain areas of your clients' company files and to use QBO to keep the books for your own accounting company. You will be able to view reports, look at individual transactions, and help search for errors. Based on your ability to access clients' files, you may also make changes and/or corrections to certain areas of your clients' companies.

When you look at the Home Page in QuickBooks Online Accountant, you will notice that the Navigation bar is different from QuickBooks Online Plus. It is comprised of two sections:

Your Practice



This provides access to:

Clients who have invited you to be their accountant.

Team includes anyone who has been added to your copy of QuickBooks Online Accountant. In a business, you could add your employees and give them certain clients or certain areas of access.

ProAdvisor members have access to free QuickBooks certification training and exams, additional training and resources, discounts on Intuit products for you and your clients, ProAdvisor Program notifications, unlimited chat and phone technical support, among others. You may publish your online directory profile. When you completed the activation of QuickBooks Online Accountant, you were automatically enrolled in the ProAdvisor program.

Work allows you to track the workflow for your company and/or your clients' companies. This is not seen by your clients.

Apps helps you Find apps, use your clients' connected apps, and find apps for your firm.

Your Books

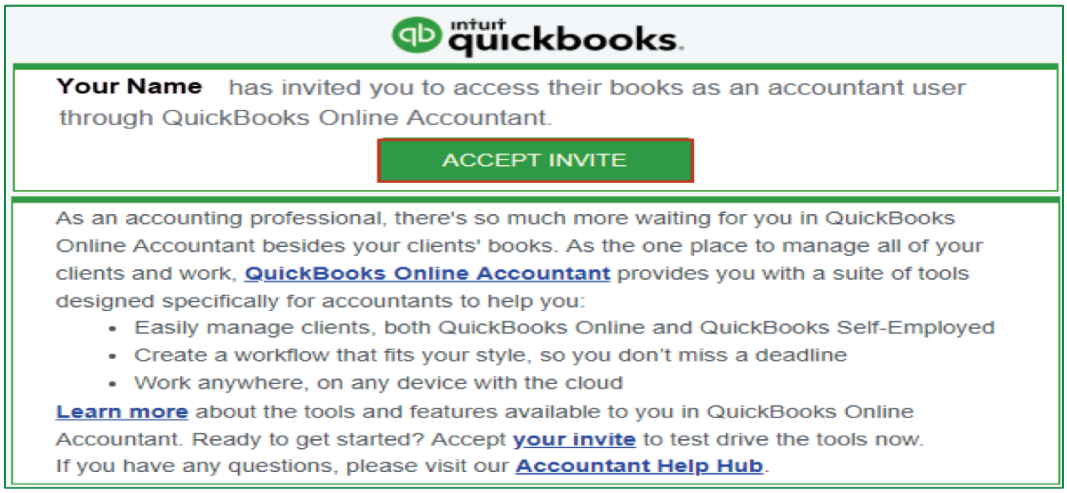
This is your copy of QuickBooks Online Plus to use for running your own business. All the sections, navigation bars, and commands are the same as you will see in QuickBooks Online Plus. In order to keep the records for your business, you will create your account by purging the company file and by following the instructions provided in Chapter 2 to import Excel files or in Appendix A by exporting a QuickBooks Desktop company into QuickBooks Online.

Once you have finalized your company file, you may then have your clients invite you to be their accountant. When you accept your clients' invitations to be their accountant, their names will automatically be added to the Customer List in Your Books and will show in the section for Clients in Your Practice.

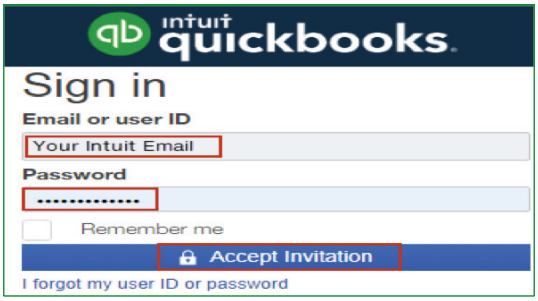
ACCEPT ACCOUNTANT INVITATION

For the steps that the clients take to add you as their accountant, refer to the section for ADD YOUR ACCOUNTANT in Chapter 2.

When you receive your client's emailed invitation, click **Accept Invite**.


intuit quickbooks
Your Name has invited you to access their books as an accountant user through QuickBooks Online Accountant.
ACCEPT INVITE
As an accounting professional, there's so much more waiting for you in QuickBooks Online Accountant besides your clients' books. As the one place to manage all of your clients and work, QuickBooks Online Accountant provides you with a suite of tools designed specifically for accountants to help you:
Easily manage clients, both QuickBooks Online and QuickBooks Self-Employed
Create a workflow that fits your style, so you don't miss a deadline
Work anywhere, on any device with the cloud
Learn more about the tools and features available to you in QuickBooks Online Accountant. Ready to get started? Accept your invite to test drive the tools now.
If you have any questions, please visit our Accountant Help Hub.

After you accept the invite, you will get a QuickBooks Accountant screen that requires you to identify your User ID, click **Accept Invitation**.

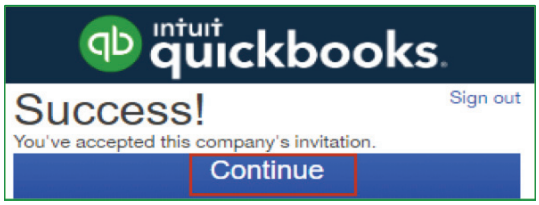


D

If you get a message that says Welcome back click your **QuickBooks Online Accountant Email Address** to accept the invitation from your client

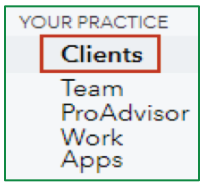
intuit quickbooks
Welcome back
Choose the accounting firm you wish to use to accept this invitation.
Your QuickBooks Online Accountant Email
Don't see your firm?

Once you accept the invitation, you will get a Success! message, click **Continue**

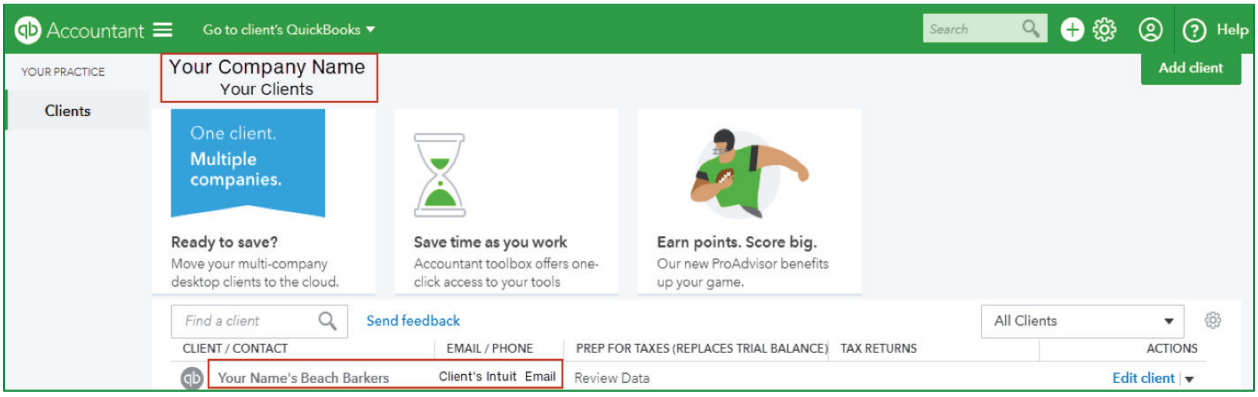


EXPLORE QUICKBOOKS ONLINE ACCOUNTANT

When QuickBooks Online Accountant is open, you will be able to view the clients (if any) who have invited you to become their accountant. Once you have accepted the invitation from a client, the client's company will be accessible from your QBOA Program.



To see the list of clients who have added you as their accountant, you would click **Clients** in the Your Practice section of the Navigation bar. In the following example, you will see one client. If you have not accepted any invitations from your clients, the Clients list will be empty.

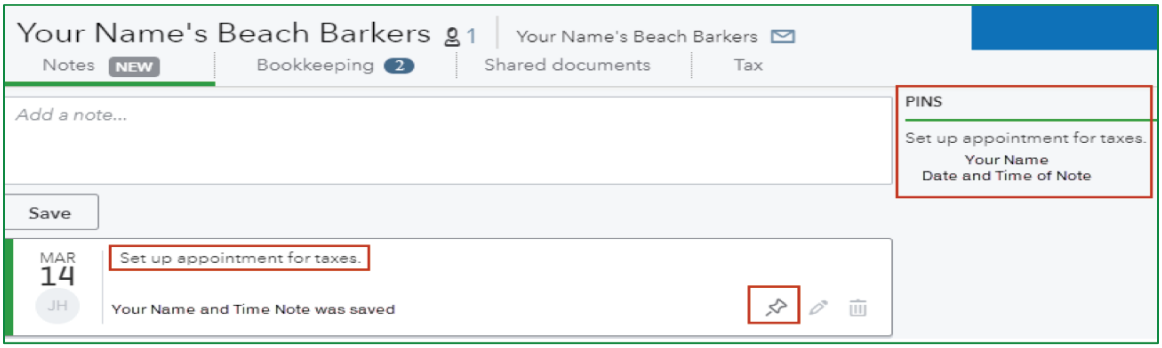


In addition to being added as a client, each client is added as a Customer in your QuickBooks Online Plus company file.

Manage Clients

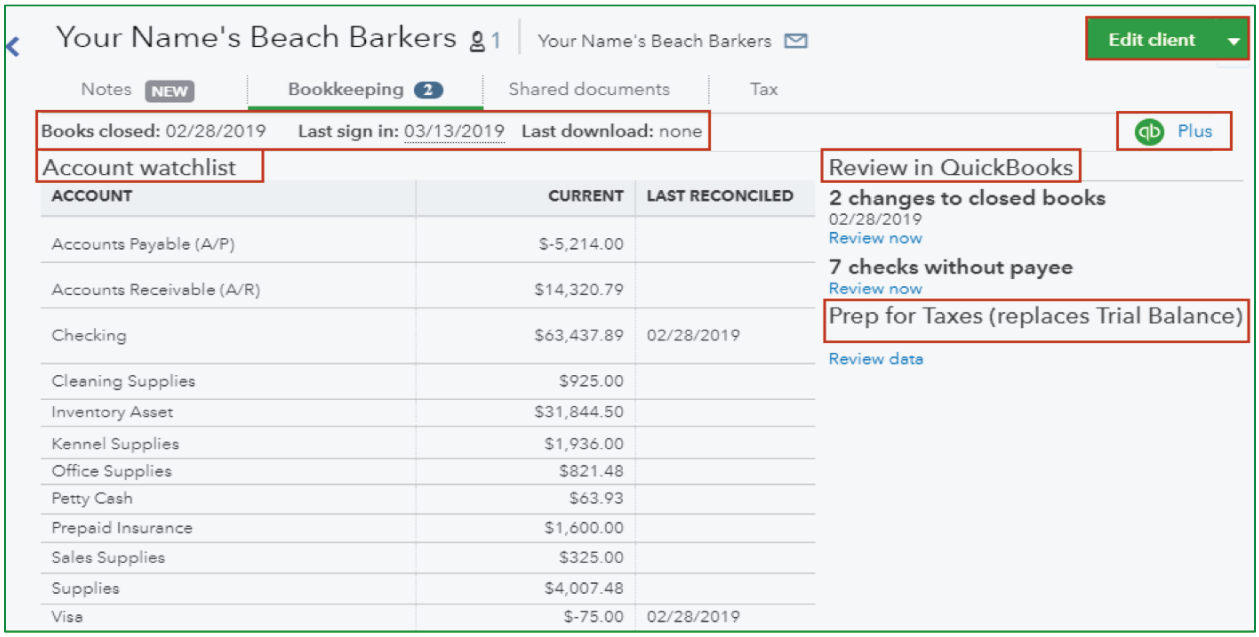
When you click a name in your Client List, you will see four categories of activities available: Notes, Bookkeeping, Shared documents, and Tax. These allow you to manage your client account information and view client information.

Notes allows you to write a note about the client. You may access, edit, and delete the note. If you want to make the note visible, you Pin it to your client's company. For example, you wrote a note as a reminder to **Setup appointment for taxes**, then clicked **Save**. When you click the pushpin on the saved note, it is displayed in the PINS column.

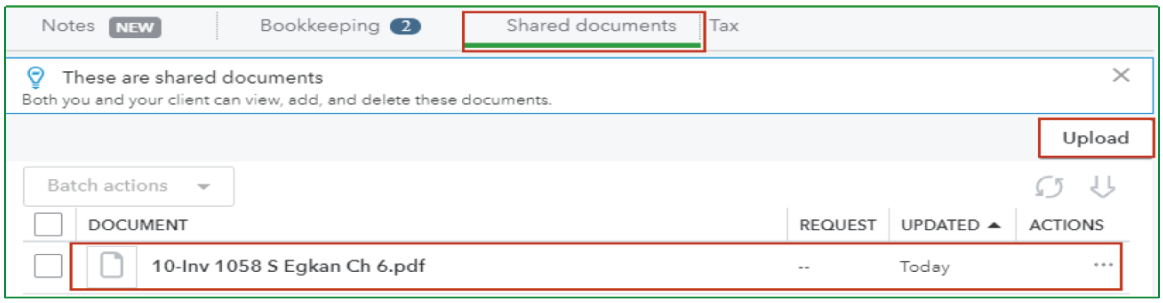


Bookkeeping is used to see information about your client's company. The information provided shows if the Books have been closed, the Last sign in date, the Last download date, the version of QuickBooks Online used by your client, an Account watchlist, a list of items for Review in QuickBooks, and information about the Prep for Taxes review. If you want to edit a client's account or make a client inactive, you could do so by clicking the Edit client button.

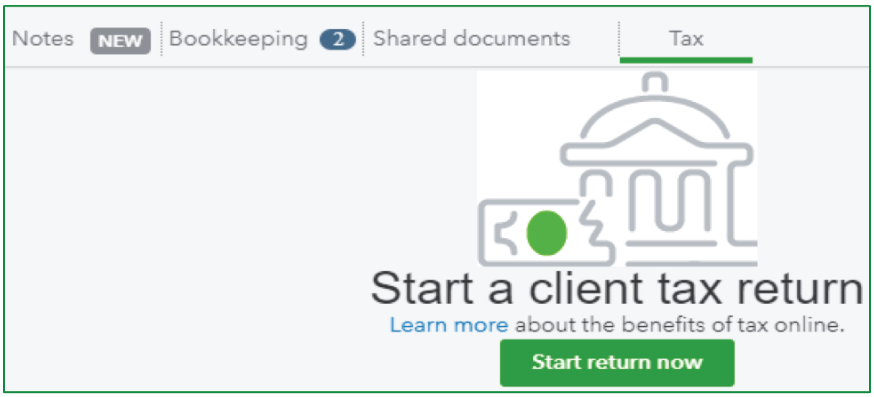
- Note: Because of material in the appendices, the figures shown will not match the figures in your company file.



Shared documents enable you to see the documents that you and your client have shared. Both you and the client may view, edit, and delete the documents. A shared document is uploaded into QBOA from your client's company file. For example, if you needed to see Invoice 1058 S Egkan, you would click the **Upload** button, click on the saved pdf copy of the file and it would be uploaded and available to see.



Tax is used to prepare a client tax return. To do so, you would click **Start return now**. You are taken to ProConnect where would you begin preparation of the tax return (not illustrated).



Access Client's Company File

To access a client's company file, you would click **Go to client's QuickBooks** at the top of the QBOA screen. A list of all clients who have invited you as their accountant will be displayed. The example shows one client.

Click the **client's company file** you want to access and QBOA will open it

Accountant Tools

Once you are in a client's company file. You may access Accountant Tools. This is a menu that is used by accountants as they work in a client's company.

To see the Accountant Tools, you would click the **Briefcase** icon next to the company name: Your Name's Beach Barkers

The following contains a brief introduction to the Accountant Tools:

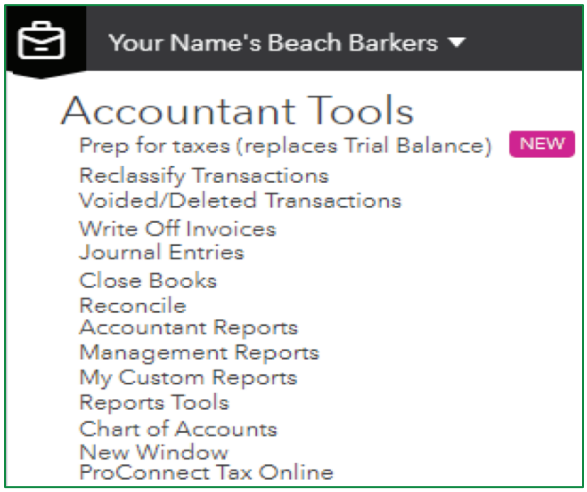
Prep for taxes: Enables the accountant to Review and Adjust Balance Sheet and Profit and Loss information and to use Tax Mapping.

Reclassify Transactions: Allows the accountant to find transactions that have been entered into incorrect accounts or classes. Allows for batch reclassification.

Voided/Deleted Transactions: Displays the Audit Log for the client's company.

Write Off Invoices: Provides the ability to write off uncollectible invoices. Also known as Bad Debts.

Journal Entries: Opens the Journal for the accountant so certain adjustments and/or corrections can be recorded.



Close Books: Allows the accountant to close a period in the client's company file.

Reconcile: Allows a link for the accountant to access the client's reconciliation screen. As the accountant, you may undo a reconciliation.

Accountant Reports: Shows the Accountant Reports available in QuickBooks.

Management Reports: Opens the Management Reports category in QuickBooks Online.

My Custom Reports: Displays Custom Reports created by the client.

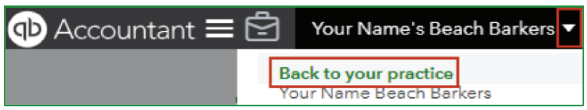
Reports Tools: Accountants can set a date range for the period. All reports and tools will automatically open with the needed date range.

Chart of Accounts: Prepares and displays the Chart of Accounts.

New Window: Opens a second window into the client's company. This is helpful when comparing figures or finding errors in another window.

ProConnect Tax Online: Provides the ability to export client's information directly from QuickBooks Online into ProConnect Tax Online.

When finished exploring the Accountant's Toolbox, you may return to your practice by clicking the drop-down list arrow next to Your Name's Beach Barkers; and then clicking **Back to your practice**

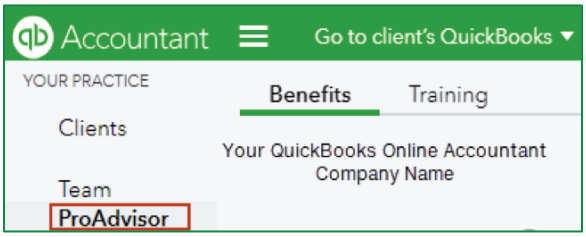


PROADVISOR MEMBERSHIP

As part of the QuickBooks Online Accountant program, accountants are eligible to enroll in the QuickBooks ProAdvisor program. One of the advantages of this program is that accountants are provided with unlimited chat and telephone support from trained product experts. At the time you activated your QBOA account, you were automatically enrolled in ProAdvisor.

To access ProAdvisor, you would click the **ProAdvisor** tab in QBOA**.**
You will see the ProAdvisor screen. It contains two sections: Benefits and Training.

Benefits contains information regarding your membership level, points, and benefits.



Training provides access to training materials for accountants. Areas of training include training in QuickBooks Online, ProAdvisor Certification courses, ProAdvisor Advanced Certification courses, and Specialty Courses.

TECHNICAL SUPPORT

As mentioned earlier, the QuickBooks Online Accountant subscription automatically enrolls the accountant in the ProAdvisor program. Depending on your membership level, there are different categories of support. All membership levels provide unlimited chat and phone support from trained product specialists. Platinum and Elite membership levels also receive support from expert-level product specialists.

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